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Canada. Bureau of Statistics

Government



# CANADA 1940

The **O**fficial **H**andbook  
of Present Conditions and  
Recent Progress

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The  
ROYAL VISIT  
To  
CANADA  
May 17 To June 15  
1939

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*For Itinerary and views of Royal Tour  
across Canada, see end of book.*

# His Majesty The King

WHEN HIS MAJESTY MADE HIS HISTORIC VISIT TO THE SENATE CHAMBER, OTTAWA, MAY 19, 1939, TO GIVE IN PERSON THE ROYAL ASSENT TO CERTAIN LEGISLATION OF THE 1939 SESSION OF HIS PARLIAMENT OF CANADA, HE WORE THE UNIFORM OF A FIELD MARSHAL. IT IS IN THIS DRESS THAT THE KING IS SHOWN.





# Her Majesty The Queen

THIS PICTURE SHOWS THE QUEEN  
AS SHE WILL BE REMEMBERED BY THOSE  
WHO SAW HER MAJESTY WITH THE  
KING IN THE SENATE CHAMBER,  
OTTAWA, ON MAY 19, 1939.

*Photo, Copyright—Dorothy Wilding, London.*





HIS MAJESTY KING GEORGE VI ACCOMPANIED BY THE PRIME MINISTER, THE RIGHT HON. W. L. MACKENZIE KING, THE MINISTER OF NATIONAL DEFENCE, AND THE CHIEF OF STAFF, ENTERING THE GATE OF PARLIAMENT HILL TO REVIEW THE CEREMONY OF THE TROOPING OF THE COLOUR BY THE BRIGADE OF CANADIAN GUARDS ON MAY 20, 1939.

*Courtesy, Canadian Government Motion Picture Bureau.*





THE ROYAL VISIT TO PARLIAMENT, MAY 19, 1939.—THEIR MAJESTIES  
TAKING THE SALUTE OF THE GUARD OF HONOUR BEFORE THE PARLIAMENT  
BUILDINGS, MAY 19, 1939.

*Courtesy, Canadian Government Motion Picture Bureau*



THEIR MAJESTIES ENTHRONED IN THE SENATE CHAMBER—THE KING ADDRESSED PARLIAMENT ON MAY 19TH,  
AND GAVE THE ROYAL ASSENT TO CERTAIN LEGISLATION PASSED DURING THE 1939 SESSION.



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Canada Bureau of Statistics

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# Canada 1940



1980 - 1981

## The Official Handbook of Present Conditions and Recent Progress

Volume I,

Published by Authority of the Hon. W.D. Euler, M.P.  
Minister of Trade and Commerce



DOMINION BUREAU OF STATISTICS  
DEPARTMENT OF TRADE AND COMMERCE  
OTTAWA, CANADA

Price 25 cents



PRINTED BY  
O. PATENAUDE, I.S.O., KING'S PRINTER  
OTTAWA, CANADA

## FOREWORD



THE very substantial increase in the sales of this handbook since the series was placed on an annual basis in 1930, its extensive use by official and semi-official bodies in regular and special editions, its distribution in large numbers at international exhibitions and in different parts of the world where Canada is officially represented, and its use, by special permission, in financial and commercial houses for distribution to their clients, all attest to the need which exists for a publication giving in brief and readable form the statistical record of the recent progress and present economic condition of the Dominion.

The current reports of the Dominion Bureau of Statistics deal in great detail with the subjects of population, production, external and internal trade, transportation, education, etc., but these detailed publications are intended mainly for those who are specially interested in particular phases of our national life. Again, the *Canada Year Book*, which summarizes these and other official publications, is of too detailed and expensive a character for wide distribution. The present publication is the result of an effort to survey the current Canadian situation—comprehensively but at the same time succinctly—in a popular and attractive form, and at a cost which makes possible its use on a general scale.

The handbook is designed to serve two purposes. To those outside of Canada, it will give a well-rounded picture of the Canadian situation from Atlantic to Pacific. In Canada itself, it will help to provide a better basis of information for dealing with current problems.

A handwritten signature in dark ink, appearing to read 'R. B. Miller'. The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

*Minister of Trade and Commerce.*

OTTAWA, January 1, 1940.

## PREFATORY NOTE

*This handbook has been prepared in the Dominion Bureau of Statistics from material which has, in the main, been obtained from the different Branches of the Bureau. In certain special fields information has been kindly contributed by other branches of the Government Service.*

*The handbook is planned to cover, in nineteen chapters, the current economic situation in Canada, the weight of emphasis being placed from year to year on those aspects which are currently of most importance, since there is not space to deal adequately with all. The Introduction is a short review of current developments at the close of 1939, with special reference to Canada's War program as described by the Prime Minister in his recent addresses to the Canadian people over the air. The material has been prepared in the Bureau of Statistics in co-operation with the Department of Finance and the Department of National Defence. The Special Article following this Introduction deals with the Western Oil Situation—Its Possibilities and Its Problems. This material has been specially prepared for the handbook under the direction of Dr. Charles Camsell, Deputy Minister of the Department of Mines and Resources, by T. G. Madgwick, Technical Assistant to John McLeish, Esq., Director of the Bureau of Mines, Ottawa. Chapter I on the Constitution and Government of Canada has been prepared from material supplied by the Department of External Affairs, Ottawa; it has been revised and checked in that Department, and, as regards the section on the Judiciary, in the Department of Justice.*

R. H. COATS,  
*Dominion Statistician.*



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## INTRODUCTION

### CANADA'S WAR PROGRAM AND ECONOMIC CONDITIONS AT THE CLOSE OF 1939



The Rt. Hon. W. L. Mackenzie King,  
P.C., M.P., Prime Minister of  
Canada

The year 1939 closes with Canada, for the second time within a generation, at war. In spite of every effort to avert it, war was forced upon the United Kingdom and France. Canada has voluntarily gone to the assistance of the two Western European democracies. The struggle, which may test the resources of the Allies to the utmost, has now been under way only four months, but Canada has already organized her resources to see the task through to the end.

The visit of Their Majesties to Canada in May and June of last summer, at a time when the international situation was complicated but when hostilities did not appear to be imminent, served to bring to the surface a unity of feeling among Canadians regardless of race, creed, or class from one end of the country to the other. Through the symbol of the Crown and the actual persons of the Sovereigns, a tangible focal

centre for the expression of a strong, if previously dormant, national sentiment was found. In the light of subsequent events, the wish of Her Majesty, expressed publicly at Ottawa on May 20, to see "two great races with their different legislations, beliefs and traditions uniting more and more closely. . . by ties of affection, respect and a common ideal", seems to have been singularly prophetic. A spontaneous loyalty and warm affection was abundantly shown in welcoming Their Majesties to every part of the Dominion during the short, but memorable period of their visit.

---

On Sept. 1, when the German army invaded Poland and a general war seemed inevitable, the Prime Minister of Canada announced that Parliament was being summoned to meet in Emergency Session on Sept. 7 and that, if the United Kingdom became involved in war, the Government would seek authority from Parliament for effective co-operation by the side of the United Kingdom. On Sept. 3, as soon as it was learned that the United Kingdom and Germany were at war, the Prime Minister.



in a broadcast to the people of Canada, reiterated this announcement and outlined the steps that had already been taken by the Government to meet the emergency. As soon as there was valid reason for apprehending the outbreak of hostilities, steps had been taken under the War Measures Act of 1914 to meet the emergency and ensure the proper defence of Canada until Parliament could be convoked. By the War Measures Act, all necessary power is given to the Government to meet any circumstances that might arise out of such an emergency. It enabled the Government to act quickly to meet urgent and necessary problems, while leaving to Parliament the essential decisions as soon as that body could be assembled. By Sept. 10, Parliament had assembled and acted, and a state of war between Canada and Germany was proclaimed by His Majesty The King in the following words:

"We do hereby declare and proclaim that a state of war with the German Reich exists and has existed in Our Dominion of Canada as and from the tenth day of September, 1939."

The issues at stake in the present conflict are sufficiently well known. Never in the history of mankind has the man-in-the-street been kept so informed of world events and the influences shaping them as during the past two decades. With the widespread popularity of the radio there has, indeed, been such a plethora of information and opinion available to the listener that the danger has been one rather of confusion than of ignorance. The issue was clarified for the Canadian people by the Prime Minister in a radio address broadcast on Oct. 27. After reviewing the series of events leading up to the War, he said:

"I have been compelled to believe that only by the destruction of Naziism and the resistance of ruthless aggression can the nations of the British Commonwealth hope to continue to enjoy the liberties which are theirs under the British Crown, and the world itself be spared a descent into a new and terrible age of barbarism."

He closed this, the first of two addresses, by describing the present War as, for the Allied Forces, a "Crusade" against a doctrine of Force, which is the very antithesis of what one finds in the Christian Gospel.

Four days later, on Oct. 31, the Prime Minister gave a second radio address dealing particularly with the action taken by Parliament and the Government to organize Canada's War effort. Around the substance of this address, including subsequent steps which the Government has taken, is built the following description of the actual accomplishment to date.

### **The Organization of Canada's War Effort**

After adopting the Speech from the Throne and thereby voting for the declaration of war, Parliament in the Emergency Session debated and passed ten measures which immediately received Royal Assent. One of these met the immediate and urgent need for the financial sinews of war by appropriating \$100,000,000 to general war purposes, including emergency expenditures made by the Government under Special Warrants immediately preceding the summoning of Parliament. This appropriation was for the current fiscal year in addition to the \$63,000,000 defence appropriation made in the previous session. The War Budget,

and the Acts to which it gave rise, dealt with the means by which the cost of the War was to be met. The general policy set forth in the Budget was to meet as much of the cost by taxation as was possible without interfering with the volume and efficiency of production, and to meet the balance of the cost by borrowing the savings of the people at interest rates that would not be materially different from those of peace time. In line with this policy, substantial increases were made in income taxes and in excise taxes and duties upon certain luxuries or semi-luxuries. An excess profits tax was enacted to divert to the Treasury a large part of any profit arising from War-time conditions.

Aside from these financial arrangements, provision was made for the creation, when deemed necessary, of a new Department of Munitions and Supply and it was announced that this work would be handled initially by a War Supply Board. Provision was also made for the regulation of war charities and the Canadian Patriotic Fund. In addition to and supplementing the legislative program itself, action was taken along many lines under the wide powers conferred by the War Measures Act. Shipping, for example, passed directly under the control of the Government. Boards were set up to organize and to direct various aspects of economic activity, as will be noted later in this article.

The War must be won, and Canadians must do their utmost to help win it. Three principles for most effective help were laid down by the Minister of Finance in his address on "Canada's War Effort on the Economic Front" broadcast on Nov. 24: First, the job of doing things that will count most; secondly, Canada's effort should be, not the minimum but the maximum within her capacity; thirdly, consultation with her partners or Allies, since the United Kingdom and France are in a far better position than Canada to know the needs demanded by strategy and tactics.

The Allies were consulted and their views learned: in less than two weeks after the Canadian Parliament had authorized a declaration of war, the Government had announced Canada's program. This program, on its military, naval, and air force sides, is outlined on pp. 7 and 8.

Financially and economically it has been recognized that we must plan, not for one year but three. The most competent military authorities believe this is not likely to be a short war. Canada's participation must be on an increasing scale and include assistance to the United Kingdom and France in obtaining essential munitions and supplies, and foodstuffs from Canadian producers. The tremendous quantities of supplies necessary must be available at the right time and in the right place and to accomplish this the economic life of Canada will have to be reorganized, but not disorganized, with the co-operation of provincial and municipal authorities, business, labour, farmers and other primary producers, and of voluntary organizations of all kinds.

The actual steps that have been taken are detailed in the respective sections following.

**The Financial Effort.**—Since the War of 1914-18 Canada has become much stronger financially and, indeed, has now a well-developed and relatively mature financial system, both private and public. The keystone of this structure was placed in 1935 by the establishment of the Bank of

Canada. In entering this War the Dominion has, therefore, sufficient financial machinery to carry out the heavy tasks which war will demand. Canadians have learned not only to save but to invest their savings both through her strong financial institutions, such as banks, insurance and trust companies, and also directly in bonds and shares. They will be more able now than in 1914 to understand readily and to respond to what is needed of them financially. Moreover, far more is known about the country's financial capacities nowadays, due to the valuable statistics that are collected and published. The statistics show, among other things, that in recent years Canada has been able to export substantial amounts of capital which has been used, in the main, to reduce indebtedness abroad.

The financial operations for war purposes will be of two general kinds. The primary arrangements will, of course, be those necessary to finance Canada's own War program. This will be taken care of, in part, by the proceeds of taxation, but substantial sums will also have to be raised by loans. It is expected that all Canadians who can possibly do so will wish to subscribe to these loans. Part of these loans will be used for the second general kind of financial operation that will be necessary. This will be the provision of Canadian dollars to the Government of the United Kingdom, in order that it can make purchases in Canada of essential foodstuffs, supplies, and munitions. The Canadian dollars will be turned over to the British Government, in return for Canadian securities which have previously been owned in Great Britain.

This will mean, in effect, that Canada is paying her old debts to Great Britain, who, in turn, is using the money to purchase supplies in Canada. In fact, this sort of operation has been going on extensively in the normal course of peace-time finance, and it is now being organized to serve war purposes. The short-term loan, so successfully arranged in October and announced by the Minister of Finance on Oct. 12, offers a concrete example of all these financial operations. The Government borrowed \$200,000,000 for two years at 2 p.c. interest. Almost \$28,000,000 of this was used to pay off loans maturing in Canada; about \$80,000,000 was put to Canada's account to be used in meeting her expenditures. The remaining \$92,000,000 was used to redeem an issue of Dominion 3½ p.c. bonds which was held by the British Government who had bought it from the investors in England for sterling. By this operation the British Government spent sterling in England to obtain indirectly Canadian dollars, which it will use to pay for its purchases in Canada.

Another financial war measure of paramount importance has been the establishment of the Foreign Exchange Control Board to regulate all transactions between Canadians and those in other countries. The Government took this step resolutely but reluctantly because the commercial and financial ties between Canada and other countries—particularly the United States—are very close indeed, and there has always been the greatest freedom in financial intercourse between Canada and the outside world. The supreme necessity of conserving Canada's capital and receipts of foreign exchange for war purposes made control essential. The Board was given power to license exports and imports of goods, currency, and capital (as for example in the form of securities). All



transactions with residents of other countries are subject to its regulations. It has in general adopted the policy of interfering as little as possible with normal commercial business and travel, but of keeping outward movements of capital to the reasonable minimum made necessary by various considerations. Ordinary small transactions have usually been exempted from regulation, and particular care is taken to see that tourists are not restricted in any way.

**The Economic Effort.**—The financial effort is simply one aspect of the more fundamental economic tasks which the War involves for Canada. The urgent necessity to supply foodstuffs, munitions, and equipment to Britain and France, as well as to provide the men and material for her own fighting forces, will require the effective use and co-ordination of Canadian industry and agriculture.

The Dominion is much better able to aid in these directions than she was in 1914 because her industrial structure, as well as her agriculture, is much more fully developed. The true measure of a country's ability to wage war must always be the power to adapt, expand, and adjust its production to meet the ever-changing requirements of war. The intricacies of finance call for skill and ingenuity of a high order but when all is said and done they are but the surface reflection of the basic economic state of things. The available margin of production above what is needed for consumption, and the ability to mobilize it quickly are the *real things* that determine what can be done. Canada has ample resources of labour, capital, and material, some of which have been unemployed, and it should be possible for her to divert a great deal of production to war purposes without too serious a temporary reduction in the standard of living.

Taken as a whole the nation's equipment for production has never been worked to capacity. When account is taken of this and the reserve of labour available it seems clear that under the stimulus of war-time demands production can be substantially increased even without longer working hours or the employment of those not normally seeking work. A vast emergency reserve exists beyond this in the increased production that would be made possible by sacrificing our leisure and working more intensively. The margin of this production that can be spared for war will depend upon the extent to which we can reduce our consumption and postpone capital outlays and replacements. It should be realized that these emergency measures are not necessary until available and unemployed resources are brought into production and until production generally can be usefully and effectively diverted to war-time purposes.

Study had been made of our possible war-time requirements before hostilities broke out, and consequently it was possible quickly to set up the emergency organizations needed. The Defence Purchasing Board had been set up in July and had begun to function actively before war was declared. Under war-time conditions it was realized that a Board with wider powers, which would include not only purchasing but, when necessary, the organizing and directing of supply, would be needed. As a result the Government proceeded at once to set up the War Supply Board with these broader powers, which took over the work of the Defence Purchasing Board. Since Sept. 1 contracts have been made or are in process of being

made for probably twenty-five million dollars worth of supplies and defence projects in addition to twenty-five million dollars worth of railway equipment. A War Purchasing Mission arrived in Canada in September from the United Kingdom and, after careful study of the supply field, it requested the War Supply Board to act as its purchasing agent in Canada. A prominent Canadian industrialist was appointed Director General of British (and French) Purchasing in United States, and it has been arranged that he should also direct purchases for the Canadian Government in that country. Whenever the problem of supply in Canada demands a more elaborate organization, the Government will be able to draw upon the authority obtained from Parliament to set up a separate Department of Munitions and Supply.

Within a few hours of the outbreak of war in Europe, the Government took steps to protect consumers in this country from shortages and profiteering by setting up the War-time Prices and Trade Board. This important body, composed of senior civil servants, is charged with responsibility for arranging supplies of necessities where shortages appear likely, for controlling prices in such a way as to prevent profiteering and, when and where necessary, for instituting systems of rationing and control. Special administrative organizations have been appointed by the Board to deal with sugar, wool, hides and leather, and coal, which are the commodities that have chiefly needed the Board's attention. The Board was given wide powers to make and enforce regulations and it has already instituted criminal proceedings against several flagrant offenders, but in general it has secured the widespread co-operation of producers and traders alike.

Because agricultural supplies will be an important Canadian contribution to the support of the Allied Powers in the War, and because war poses special problems for agriculture, the Government appointed a special Agricultural Supplies Committee to deal with problems of agricultural supplies and marketing under war-time conditions. The Committee has been active in arranging that exports of essential foods and fibres to the United Kingdom be stimulated and also in meeting the difficulties arising from the dislocation of Canada's normal export trades.

Among other economic organizations that have been set up should be mentioned the Voluntary Service Registration Bureau, which keeps a record of all the men and women who have indicated their willingness to take part in war-time activities of all kinds. There have been controllers or control boards established to deal with transport questions, including a Licensing Board for Shipping and a Director-General of Transport.

Being aware that it is essential to have an understanding of economic problems as a whole, as well as in particular, and that proper co-ordination of all economic activities and controls was necessary to produce the maximum war effort, the Government appointed an Advisory Committee on Economic Policy to advise the Cabinet directly on these broad questions. This Committee is made up almost entirely of senior civil servants who are thoroughly familiar with both the principles and the practice of economic affairs, and it has already played an active role in assisting the Cabinet by reporting to it on many questions of economic and financial policy.

**The Problems of Defence and Military Co-operation.**—Canadians have far greater responsibilities to-day than in 1914-18 for the defence of the Dominion. In 1914 Canada was assisted by ships of the Royal Navy and the Imperial Japanese Navy in performing the task of naval patrol in the Pacific; to-day Canada must make her own arrangements to defend the Western Coast. In the present War, moreover, submarine warfare has had to be faced from the outset and the problem of naval defence of the Atlantic Coast and the St. Lawrence Gulf and River has assumed far more serious proportions than ever before.

It has already been pointed out that, because of the changed character of modern warfare, the most effective contribution Canada can make in support of the Allies differs greatly from that in the last war when efforts were centred on an expeditionary force. The most helpful lines of present defence co-operation have been worked out after consultations between the Canadian Government and the British and French authorities. Early in October it was announced that the Governments of this and other Dominions were to be asked to send representatives to participate in discussions concerning the whole Allied War program and thereby to secure a better co-ordination of the work of all the countries concerned. The Hon. T. A. Crerar, Minister of Mines and Resources, was appointed by the Government to represent Canada; he arrived in London on Oct. 29 for these consultations with the British War Cabinet and the Supreme War Council.

*The Army.*—As soon as the emergency requirements for home and coastal defence and the protection of vulnerable points had been met, attention was directed to the establishment of a Reserve Force of two divisions and ancillary troops to serve as a nucleus of an Expeditionary Force to send overseas "when required". Units of all arms were selected from the eleven Military Districts in a proportion based roughly upon the distribution of population; to the end of November 60,000 men were enlisted and were being equipped and trained as rapidly as possible. The selected units were mobilized and recruited up to war strength. The First Division of this Reserve Force will, it is expected, be sent overseas in a comparatively short time.

*The Navy.*—Provision has been made for the increase of naval personnel to meet requirements; many members of the Royal Canadian Naval Volunteer Reserve have been transferred to service afloat or to coastal points from their inland places of residence and training, while members of the Royal Canadian Naval Reserve have assumed their place in the Royal Canadian Navy. The ships of the R.C.N., augmented since the outbreak of war by the addition of a flotilla-leader (which is, in effect, a super-destroyer), were immediately placed upon a war basis and proceeded to their war stations. Other ships were taken over, armed, and used as mine-sweepers and anti-submarine patrols.

Another phase of coast defence by the Navy is the provision of defences against submarines and armed raiders at harbour entrances and the installation of anti-submarine nets for harbour defence. As might be expected, the fighting ships of Canada's Navy have also taken part in the duty of convoying merchant ships.





A Canadian Naval Examination Vessel.—Small vessels of this type, supported by shore batteries, intercept and examine all ships approaching Canadian harbours.



'Action Stations' on a Canadian Minesweeper.—These useful little vessels play an important part in the defence of Canada's coast.

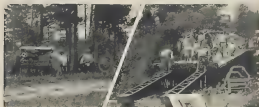
*Courtesy, Montreal Standard*

# ARMY

# CANADA'S DEFENCE FORCES

# NAVY

# AIR FORCE



## Canada's Defence Services

Print out on the reverse side of this insert reading downwards and from left to right shows:

### The Army

A Gun Crew of the 1st (Halifax) Coast Brigade manning one of the Guns defending the Nova Scotia Coast.

Part of the 4th Anti-Aircraft Battery, R.C.A. under training at Petawawa Military Camp. The Armament of this Unit consists of 3-inch 20 cwt. Anti-Aircraft Guns.

An 18-pr. Gun in Action from a Concealed Position at Petawawa Military Camp.

Royal Canadian Engineers finishing a Light Box Cinder Bridge.

A 2-pr. Anti-Tank Gun of the Type being used by Canadian Divisional Anti-Tank Regiments.

A 3-inch Mortar as used by Canadian Infantry for close support.

### The Navy

H.M.C.S. Destroyer Flotilla Leader *Assomibois*.

H.M.C.S. *Flower* leaving Vancouver Harbour and passing under the First Narrows Bridge.

H.M.C.S. *Cumaz*, a Minesweeper built in Vancouver, taking the water, 25th Aug. 1938.

Two Canadian Destroyers, H.M.C.S. *Flower* (in foreground) and H.M.C.S. *St. Laurent*, berthed in Vancouver Harbour.

### The Air Force

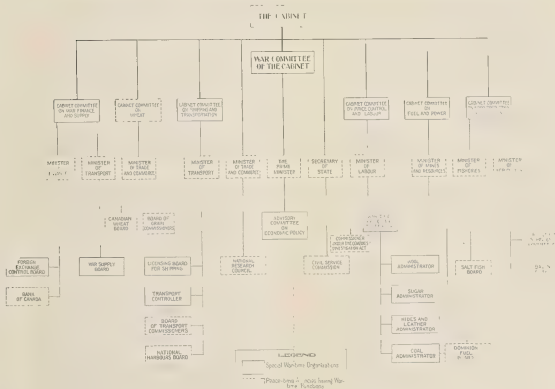
The "Bolingbroke"—a Bomber Reconnaissance Type of Aircraft built in Montreal for the R.C.A.F.

A "Fancy Battle" Aeroplane. Though designed as a Bomber, this type is being used by the R.C.A.F. for advanced training.

A United States Type—the "Harvard". Canadian orders for these machines, which are being used for training, have already been filled.

A "Strasser" Flying Boat—a member of these have been built in Montreal for the R.C.A.F. They are used for patrolling coastal waters.

CHART SHOWING WAR ECONOMIC ORGANIZATIONS AS AT DEC. 15, 1939





*The Royal Canadian Air Force.*—With regard to the Royal Canadian Air Force, the crisis found many units stationed in the interior of the country. These were quickly transferred to the coastal areas, where their duties are in many cases similar to those carried out by the Navy. An aeroplane can carry out coastal reconnaissance or launch an attack much more quickly than can a ship, and range and speed is invaluable to the commander of a coastal defence area. Anti-submarine patrols have fallen quite naturally into the field of the air arm. The duty of convoying merchant ships is also shared with the Navy and assistance is given to the Army by the maintenance of Coast Artillery Co-operation Squadrons in connection with fixed defences.

Air force training is to be expanded as rapidly as possible. Canada is in an admirable position to assist in this direction. The work done in planning and laying out airports and equipment for the Trans-Canada Airway in recent years is a substantial contribution in itself. Indeed, the excellent advantages possessed by the Dominion for air training have been quickly recognized and on Oct. 12 a large centralized Empire scheme of air training was announced.

Early in November, Air Missions representing the United Kingdom, Australia, and New Zealand met in Ottawa, and on Dec. 17 an Agreement, which provides for the establishment of sixty-seven schools in Canada for the training of pilots, air observers, and wireless operator-air gunners, was signed. The Agreement will remain in force until Mar. 31, 1943, but may be terminated or extended by mutual agreement. The discussions included elaborate trade talks and understandings as to what Britain can send to Canada 'in kind' to help meet her share of the bill, and so economize in the transfer of dollars. Britain will help to bear the initial cost by contributing about 3,000 aeroplanes, some of which will be ordered and purchased in the United States. The cost of the program is estimated at \$600,000,000, of which Canada's share will amount to \$350,000,000.

Administration is in the hands of the Royal Canadian Air Force, with a Supervisory Board in charge of finance and inspection. The Board will consist of three Cabinet Ministers, representatives of the participating Governments, the Deputy Minister for Air, and the Chief of the Air Staff.

The plan calls for the construction of sixty new air fields and the enlargement of twenty existing fields, and it is estimated that 40,000 men will be required to carry out the plan in addition to the students under instruction.

Details of the Agreement and Canada's obligations thereunder were given by the Prime Minister in a radio address delivered over the national network from Ottawa on the evening of Dec. 17.

The high reputation of Canadians as fliers is recognized and Canada will supply more airmen for training in the scheme than either Australia or New Zealand, or even Britain. Industry in Canada will receive an immense stimulus and a very important point is that the benefits will continue long after the War, since nearly all the facilities that will be provided may be expected to be available for peace-time aviation developments.

## Economic Conditions in Canada at the Close of 1939



Hon. William D. Euler, M.P.,  
Minister of Trade and Commerce

In Canada the economic year 1939 has consisted of two main divisions, the first comprising the eight months of peace, when the economic trend as from the beginning of spring was moderately upward, and the second being the first four months of war effort, featured by large crop production and movement and by the expansion of the industries producing the food products and minerals, and manufactured products (in particular iron and steel products and textiles) required in time of war. At the end of 1939 the economic effort of Canada had been harnessed to a great extent to provide the food supplies and the various other commodities needed by Great Britain and France, the chief participants in the struggle in which they are at present engaged. Canada, indeed, is likely to become, in 1940, a leading provider of foods and munitions of war to the Allies

because of its strategic position and relatively short distance from the theatre of actual warfare.

In war time food supplies are a primary consideration, since a belligerent nation may conceivably be starved out. In this connection it is important to recall that the world production of wheat in 1938, exclusive of Russia and China, for which no statistics are available, reached an all-time high record of 4,563 million bushels, resulting in a heavy carryover into the present crop year. To this large carryover has been added this year a world crop of 4,298 million bushels, exclusive of Russia and China. Supplies of wheat, therefore, are in most countries ample for the current crop year, but what is of most interest to Canadians at the present time is the increase of almost 130 million bushels in their own wheat crop of 1939 as compared with 1938.

**Agriculture.**—Canada's wheat crop is estimated this year at 479 million bushels as compared with 350 million bushels in 1938. Of these 479 million bushels, about 350 million bushels, in addition to the carryover of 95 million bushels from the last crop year, are considered to be available for export during the present crop year.

Crops other than wheat were also generally larger in 1939 than in 1938, the important oat crop being estimated at 386 million bushels against 371 million bushels and barley at 103 million bushels against 102 million bushels. Mixed grains are estimated at 44 million bushels as compared with 39 million bushels and rye at 15 million bushels against 11 million bushels. On the other hand, the estimated crops of peas and buckwheat are each

somewhat lower than last year. On the whole, however, the field crops are estimated as being 18 p.c. greater in volume in 1939 than in 1938 and the first estimate of their total value is \$635,764,000 as compared with \$544,443,000 in 1938, an increase of \$91,321,000 or 17 p.c. The wheat crop was valued at \$251,371,000, an increase of \$45,876,000,

As regards animal husbandry, it may be noted that the meat trade has been distinctly more active in the first ten months of 1939 than in the same period of 1938. Cattle slaughterings in this period increased by nearly 1 p.c. over last year and hog slaughterings by 8 p.c. Recently the British Government has contracted for a weekly supply of Canadian bacon, assuring a good market for that important commodity at fair prices.

**Mines and Minerals.**—The mining industry of Canada will undoubtedly establish a new high record in volume and value of production in 1939. In the first half year, indeed, the value of production of the mines was \$9 million more than in the same period of 1938. Upon the outbreak of war in early September the price of gold rose about 10 p.c. in Canadian funds, while the demand for the base metals bids fair to show further expansion. In particular, gold production, for the first ten months of the year at \$151,105,711\* in Canadian funds has been the highest ever recorded for a like period. Nickel and zinc also reached new high levels although lead production was somewhat lower than in 1938. As a result of the development of the Turner Valley oil field in Alberta the production of crude petroleum reached an all-time high of 6,603,374\* barrels for the ten months ended Oct. 31, although the output was pro-rated among approximately 90 producing wells in order not to overload the refineries or glut the available market. Employment in the mines of Canada reached an all-time high record at Nov. 1, 1939, while the average employment for the first eleven months was 5 p.c. higher than in the same period of the preceding year.

**Forestry.**—Industries depending on the forest for their raw material, quiet in the early part of the year, showed an improvement during the crisis which preceded the declaration of war. Production increased and prices improved, although overseas trade was hampered to a considerable extent by lack of transportation facilities. Logging operations toward the close of the year indicated considerable activity, especially in British Columbia, the Maritimes, and eastern Quebec, the index number of employment in logging being 206·4 at Nov. 1, 1939, as compared with 130·8 at the same date of 1938. Exports of planks and boards in the first 11 months were 1,963 million board feet, an increase of 30 p.c. over the corresponding figure of 1938, while newsprint production at 2,629,000 tons, was nearly 9 p.c. more than in the same period of 1938.

**The Fisheries.**—In the fishery industry, which exports the bulk of its production, 1939 has been a rather more prosperous year than 1938, on the basis of value of exports. In the first eleven months of the year the exports of products of the fisheries were \$26,095,000 or 7·3 p.c. more than in the same period of 1938, both the United Kingdom and the United States taking more than in the previous year.

**Furs.**—The fur industry, as judged on the basis of exports, which account for the bulk of the production, was also more prosperous in 1939 than in the previous year. Exports in the first eleven months recorded a gain of \$603,000, or 5 p.c., over the same period of 1938.

\* At the time of going to press the gold production for the 12 months of 1939 was estimated at \$181,274,000, and that of crude petroleum at 7,743,000 bbl.



**Central Electric Stations.**—Electric power production is now one of the leading industries of Canada. It is also one of the most rapidly expanding industries, output of electric power being now five times as large as in 1919, the earliest year for which this figure of output is available. In the first ten months of 1939 the output of electric power was 23,209 million kilowatt hours, the highest figure on record for this period and an increase of 9 p.c. over the corresponding period of 1938. About 98 p.c. of Canada's electric power is produced from her falling waters. Indeed, in the production of hydro-electricity she is second only to the United States, while in aggregate production of electricity she stood fifth among the nations of the world in 1938. The output of electricity in October, 1939, at 2,590 million kilowatt hours, was the largest for any month in the history of Canada. The consumption of firm power, computed by deducting exports to the United States and deliveries of secondary or surplus and off-peak power to electric boilers from the total production, showed an increase of 7 p.c. over both 1938 and 1937. This increased consumption was due largely to the revival of the pulp and paper and other power-using industries.

**Manufactures.**—The manufacturing industries in Canada are of such infinite variety that it is impracticable to sum up their collective achievements until the annual Census of Manufactures is completed. The most significant information that is now available regarding 1939 is based upon the record of employment supplied monthly by some 6,000 of the larger manufacturing firms, which indicates that employment in 1939 has been slightly better than in 1938. The latest available monthly figure, however, that for Nov. 1, shows that at that date employment in Canadian manufactures was at an all-time high, the aggregate number of employees of reporting firms being 626,000, and the index number of employment being 122.1 as compared with the previous high of 121.7 at Oct. 1, 1937. As regards physical volume of production in certain manufacturing industries, it may be observed that, in the first ten months, flour production, cattle and hog slaughterings, releases of cigarettes, leather boots and shoes production, raw cotton consumed in production, newsprint production, exports of planks and boards, steel ingot production, and imports of crude rubber were at higher levels than in the same period of 1938. On the other hand, sugar manufacturing, releases of cigars, pig-iron production, and production of automobiles were at lower levels.

**Construction.**—Construction contracts awarded in Canada in the first eleven months, according to the MacLean Building Review, had an estimated aggregate value of \$177,749,000, being a slight increase over the corresponding period of 1938. It may be expected, however, that the necessities of financing the War will, in the future, act as a check upon new construction for other than war purposes.

**External Trade.**—The external trade of Canada has shown definite expansion in spite of the recent difficulties in making shipments overseas. Leaving out of account the increasing exports of new gold which are so important a factor in maintaining our balance of international payments, Canada's total exports of merchandise in the first eleven months totalled \$833,949,000, or an increase of 8½ p.c. over the corresponding 1938 figure of \$768,696,000. This increase was entirely accounted for by the rise in Canada's exports to the United States, which took Canadian merchandise

to the value of \$334,919,000 as compared with \$253,225,000 in the same period of 1938. On the other hand, exports to the United Kingdom declined to \$299,506,000 in the first eleven months of 1939 as compared with \$315,830,000 in the same period of 1938, the falling off being, in part, due to the disturbed conditions of transatlantic commerce in recent months.

Import figures are available at the time of writing only for the first ten months, in which period Canada's total imports of merchandise, at \$594,985,000, showed an increase of 4·4 p.c. over the figure of \$569,862,000 recorded for the same period of 1938. Imports from the United States rose considerably at \$390,905,000 as compared with \$357,892,000, or an increase of \$33,013,000. Imports from the United Kingdom, however, were lower at \$92,066,000 as compared with \$101,233,000, the difficulties of ocean transport since Sept. 1 being largely responsible for the decline.

Merchandise exports in the first ten months of 1939 exceeded merchandise imports by \$140,474,000, while the corresponding figure for the same period of 1938 was only \$122,129,000. In addition to this 'favourable' balance of merchandise trade, Canada exported in the first ten months of 1939 new gold to the value of approximately \$154,500,000, a total which was 15·6 p.c. larger than the corresponding figure for 1938.

**The Tourist Trade.**—The tourist trade of Canada, which is an important factor in her balance of international payments, will probably result in a rather smaller net balance in her favour in 1939 than in 1938, owing in part to the outbreak of the War towards the end of the tourist season. The number of automobiles entering Canada for touring purposes in the first ten months of 1939 declined by approximately 5 p.c. from the same period of 1938, while the number of travellers entering Canada by rail increased moderately. The average expenditure per tourist has probably declined slightly, while a similar decline has probably occurred in expenditures of Canadian tourists in the United States.

**Carloadings.**—Railway carloadings and revenue freight in the first 48 weeks of 1939 were 2,367,000 cars, as compared with 2,278,000 cars in the same period of 1938, an increase of 89,000 cars. Carloadings of grain and grain products, coal, lumber, pulp and paper and other forest products were mainly responsible for the increase, while carloadings of pulpwood declined. As a result of more active business, the gross operating revenues of the two great railway systems improved. The available figures for the first eleven months showed gross operating revenues of approximately \$329,000,000 as compared with \$305,573,000 and \$322,373,000 for the same periods of 1938 and 1937, respectively.

Despite the larger western grain harvest, shipments of grain down the Welland and St. Lawrence Canals were considerably below those of 1938 and the total traffic for these canals to the end of November was reduced from 12,448,401 tons in 1938 to 11,323,945 tons for the Welland Ship Canal and from 9,231,435 tons to 8,307,404 tons for the St. Lawrence Canals. There was a very large decrease on both canals in shipments of United States corn, which dropped from 2,194,522 tons in 1938 through the Welland Ship Canal to 249,349 tons in 1939. Wood-pulp and pulpwood shipments continued light but bituminous coal showed an increase of 95 p.c. on the St. Lawrence Canals and 17 p.c. on the Welland Ship Canal.

**Employment.**—The employment situation is one of the best and most accurate measures of the economic activity of a nation, while unemployment was certainly the chief curse of Canada in the days of the depression. The trend of employment in Canada, hesitant throughout last winter, became definitely favourable in the spring and has so continued over the six months from May 1 to Nov. 1, during which period nearly 182,000 workers were added to the staffs of the firms making monthly reports to the Dominion Bureau of Statistics. At the latter date those staffs aggregated 1,206,000 workers, and the general index number of employment, based on this figure of Nov. 1, 1939, was 123·6, which was higher than in any other November on record except 1929 and 1937, while on Nov. 1, 1938, the corresponding index number was only 114·6. This improvement in the employment situation in November, 1939, as compared with November, 1938, has been experienced in all of the five economic areas of Canada and in 7 of the 8 leading industries for which the statistics are compiled, viz., manufactures, logging, mining, transportation, communications, services, and trade, the construction industry being the only exception. As a natural consequence there was a decline of 38 p.c. in the estimated number of unemployed wage-earners between January and September; this decline was in part attributable to the seasonal factor.

**Prices.**—Wholesale prices in Canada, which had shown a fairly steady decline over the greater part of 1938, were generally almost stationary in the first eight months of 1939. They rose rapidly in September and more slowly in October and November, the latest weekly index number for the week ended Dec. 8 being 80·8 p.c. of the 1926 base, an increase of rather more than 10 p.c. from the level prevailing in the first eight months of the year. Prices of thirteen commodities specially sensitive to changes in economic conditions used as industrial materials in manufacturing industries were 28·5 p.c. higher in the week of Dec. 8 than the average for the pre-war month of August. The index number of the cost of living rose moderately from 83·0 p.c. of the 1926 base in August to 85·0 p.c. (preliminary figure) in November.

**Finance.**—The revenues of the Dominion have been well maintained in the current fiscal year beginning Apr. 1, 1939, except for income tax collections, which are mainly received in April and May and were lower on 1938 incomes than on 1937 incomes because of the business recession in 1938. Total revenue receipts in the first eight months from April to November, inclusive, were \$354,713,180 as compared with \$358,408,250 in the same period of last year or a decline of \$3,695,070. Since the income tax collections in this period have shown a decline of \$9,538,523 from last year, it is evident that other receipts have increased by \$5,843,453. In recent months revenues are showing expansion as a result of the war taxes imposed in September and of generally improving business conditions. Thus in the three months September to November, inclusive, revenues totalled \$120,940,571 or \$14,935,749 more than in the same months of last year and it is probable that by the end of December the aggregate revenues for the first nine months of the current fiscal year will have equalled or exceeded those of the same period of last year. Total ordinary expenditures in the eight-month period were slightly lower at \$262,556,225 as compared with \$263,120,852, but capital expenditures were \$10,567,217 as compared with \$3,643,702. Grand total expenditures, inclusive in the current year of expenditures on war appropriations, were \$374,449,128, as



compared with \$335,496,039 in the corresponding period of last year, the increase of nearly \$39 million being predominantly accounted for by spendings on account of war appropriations.

Banking assets and liabilities are decidedly significant of financial strength. Among the liabilities, the savings deposits of the people in the chartered banks reached an all-time high of \$1,709,157,000 at the end of October, when they were nearly \$50 million more than at the beginning of the year. Demand deposits in Canada have shown particularly rapid expansion in the last three months from July to October and amounted to \$821,717,000 at this, the latest available date. On the assets side, current loans and discounts in Canada, representing money lent for business purposes, reached \$952,297,000 at the end of October as compared with \$813,947,000 at the end of July, while total assets at the end of October stood at \$3,852,468,000 as against \$3,519,914,000 at the end of July. Thus, Canada has great financial strength which may be used in carrying on the struggle to which she is committed. Further, in consequence of the operations of the Foreign Exchange Control Board, Canada is now placed in a better position to build up money markets of her own in Montreal and Toronto, which are tending to become independent financial centres instead of being dependent, as formerly, upon New York.

Bank debits, i.e., the aggregate amount of all cheques charged to account at the thirty-two clearing house centres of Canada totalled \$25,630,139,000 in the first ten months of 1939, as compared with \$25,010,198,000 in the same period of 1938, an increase of \$619,941,000 or 2.5 p.c.

In the first nine months of 1939 there was an unusually large inflow of capital into Canada, total sales of securities to all other countries being \$270,126,000 as against total purchases of \$211,316,000 or a net inflow of \$58,810,000. This increase in external investments in Canada was, in the main, of United States origin.

**Conclusion.**—At the time of writing it appears that the present war, like the War of 1914-18, is certain to stimulate further the already accelerating industrialization of the Dominion. The manufacturers of Canada, operating for the most part in an area which is well supplied with hydro-power and exempt from the risks of destruction by enemy operations, will be in a position greatly to expand their production along many lines and particularly in the output of munitions of war. The agriculturists will have an assured market for the immense crop of 1939 on terms considerably more favourable than were expected a few months ago. The mining industry is also being stimulated by the premium on gold and by the greatly enhanced demand for nickel, copper, lead, and zinc and for other minerals of lesser importance. The output of hydro-electric power is likely to exceed all previous records. Again, the railways and the inland and oceanic water carriers of the country are already finding that the outbreak of war is bringing about an increasing demand for their facilities. Finally, the financial necessities of war time, together with the establishment of a national central bank, the Bank of Canada, are freeing the financial institutions from their previous dependence on New York. On the whole, apart from the expense and other losses which will be entailed by the War, 1940 bids fair to be one of the most prosperous years in the economic history of Canada.

## SPECIAL ARTICLE

# THE WESTERN OIL SITUATION—ITS POSSIBILITIES AND ITS PROBLEMS

### Introduction

**Historical.**—The phenomena associated with the appearance of petroleum and natural gas at the earth's surface were well known to the American Indians before the coming of the white man. The aborigines were acquainted with the use of petroleum as fuel, lubricant, and illuminant, and the burning springs, common at vents of natural gas, appealed strongly to the superstitious side of their natures.

Early settlers, too, soon learned the value of these resources, but the abundance of wood fuel rendered of little value the small quantities of liquid fuel lying ready to hand in seepages. The manifestation of oil at McMurray in northern Alberta, the greatest 'oil seepage' in the world, first described in 1789 by Alexander Mackenzie, was then too remote to have value.

The design of lamps burning vegetable or animal oils or fats had changed little from that of classical times; in 1784 Argand produced the first burner to give a steady light, but the supply of whale oil, the use of which was just becoming general, soon dwindled and substitutes proved indifferent. Only in the 'forties and early 'fifties was a commercial source of lamp oil made available by distillation from coal and oil shale. Similar products, obtained more readily from the crude oil of Ontario and Pennsylvania, followed quickly, and their successful use led to a search for more abundant supplies of this hitherto neglected material. The problem of supply was solved in 1859 by the drill, and the modern oil industry then began, drilling soon replacing or supplementing the sinking of hand-dug wells in the Old World as well as the New. Coal oil or kerosene rapidly became the popular illuminant.

By the end of the 19th century, big production was still restricted to the Appalachian field in America and to Russia. Very minor production came from Burma, Roumania, and Poland. Production in Ontario was dwindling and Canada had become largely dependent on the larger and well-organized oil industry of its neighbour to the south, although attempts had already been made to find oil in the West, where seepages had been reported along the 49th parallel early in the century.

Gas was struck when drilling a water well at Alderson on the C.P.R. main line in Alberta in 1883 and other small gas wells followed. About the same time an oil seepage was attracting considerable attention near Waterton Lake. The exploration of the North West, then in progress, was revealing wide-spread signs of oil in the Devonian rocks, underlying the bituminous sands of McMurray. The Geological Survey of Canada in 1894 started drilling at Athabaska Landing and later at the mouth of the Pelican River where gas in quantity was struck, but the oil in the bituminous sands, penetrated at 750 feet, was found too heavy to produce. The gas burned for 15 years before being 'mudded off'.

By the turn of the century the oil industry was undergoing a fundamental change. In 1901, the Lucas Gusher at Spindle Top in Texas opened big production outside the Appalachian field, the crude being heavy and suitable for fuel. It is true fuel oil on a big scale had been a primary product in Russia for years, but it was not exported. Now, abundant supplies were becoming available close to the Gulf Coast in Texas and Louisiana, and these were soon supplemented by equally large and strategically-placed supplies in California and Mexico. The general introduction of fuel oil for power, notably for bunkering ships, began. Slowly, but surely, the use of the light internal-combustion engine, particularly in the motor-car, was spreading, although it was well into the first decade of the century before this trend became fully defined.

Early in the kerosene period the foundation had been laid of that peculiar feature of the oil industry arising from the liquid character of the commodity, viz., its ready centralization. It remained for modern days to make of oil one of the world's biggest industries, to raise it from a purely commercial business to one of prime military and political importance, characterized by the complete integration of production, refining, transport, storage, and marketing.

### Developments in the Canadian West

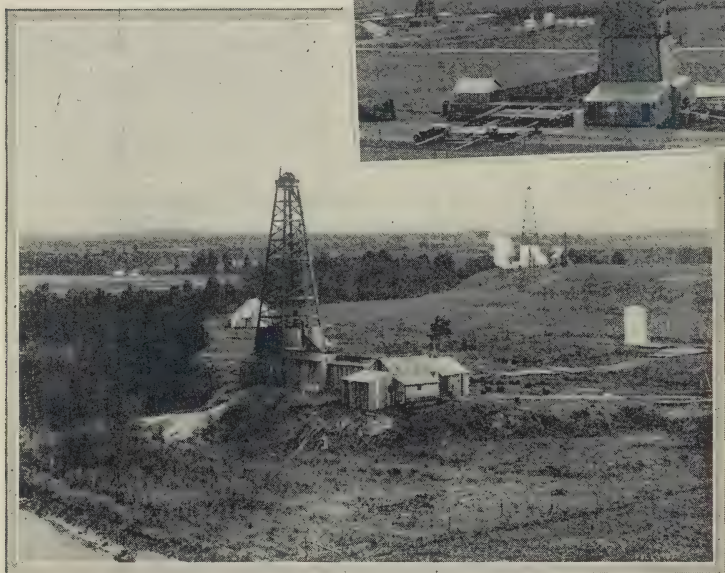
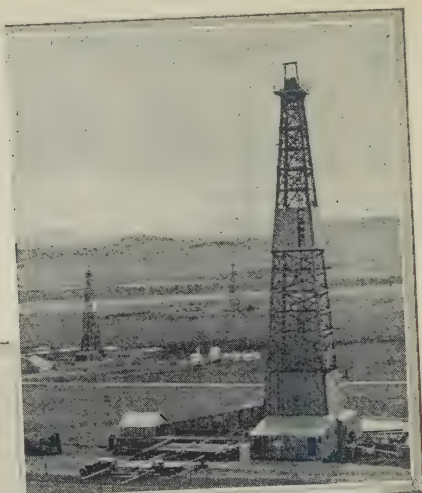
**Individual Efforts to Explore the Field.**—The big development of natural gas at Medicine Hat took place in 1900, when wells were first drilled to 1,000 feet, after shallower wells, from 1890 onwards, had shown the possibilities of the field. The gas industry of the city expanded rapidly and lent encouragement to the search for similar structures where the Medicine Hat sand, 300 feet below the Milk River sandstone, might have possibilities. In 1907-08 the C.P.R. drilled on the Saskatchewan River south of Suffield, where a supply of gas was obtained from the upper sands but the main sand yielded little. The drilling in northern Alberta had drawn attention to gas in what was erroneously termed the "Dakota", a deeper-lying, Lower Cretaceous formation and, after the Medicine Hat sand was tested without success at Bow Island to the southwest of the Suffield well, it was decided to drill deeper. This led to the discovery of another prolific gas sand 1,200 feet below the Medicine Hat sand in the Benton shale, but still above the Dakota. This sand has since been found productive elsewhere in southern Alberta.

A short-lived boom over the seepages near Waterton Lake in 1890 had been followed by more serious attempts on Cameron Creek and oil was struck in 1901. Other wells were drilled and a small topping plant was operated for a time but no large production resulted. This activity drew attention to the foothills as potential oil territory and the search was again stimulated by the Dominion Government's grant in 1904 of a bounty of 1½ cents a gallon on all crude oil produced in Canada.

As the Medicine Hat sand was believed to lie at workable depth in many parts, a search began for a supply of natural gas for Calgary. In 1906 a well was drilled north of the Sarcee Reserve to what was then the considerable depth of 3,365 feet but only short-lived flows were struck; two years later another well in East Calgary obtained a small production of gas. The discovery of abundant gas at Bow Island in 1909 having



The Derrick of a  
Modern Well.



Calgary Petroleum Products Co., Ltd., Wells Nos. 1 and 2 (now Royalite 1 and 2)—  
the Pioneer Wells in Turner Valley

*Copyright, H. Pollard, Calgary, Alta.*

furnished Calgary with a good supply, local interest was transferred to a gas seepage in the bed of the Sheep River, in the foothills some 28 miles southwest of Calgary, where the search for the elusive Dakota began in earnest. Towards the close of 1912, a well was started 8 miles northwest of the seepage, and, early in 1913, another was begun close to the seepage. In this southern well, drilled by Calgary Petroleum Products Co., Ltd., a show of very high-grade oil was struck in 1913, at 1,557 feet. A better supply at 2,718 feet in 1914, started the Calgary oil boom of 1914-15. Development of Turner Valley was crippled by the War of 1914-18 and the consequent difficulty in obtaining supplies or finance; however, the owners of several wells produced and marketed their oil, three topping plants being in operation. At the end of the War an absorption plant was built by Calgary Petroleum Products Co., Ltd., to recover the naphtha from the gas of its first two wells.

The Viking gas field had been discovered in 1914 but it was not till 1923 that the gas was piped to Edmonton, the same year that heavy oil was struck in commercial quantity at Wainwright, about 45 miles farther east along the C.N.R. main line. Shortly before the War of 1914-18 geological work had been revived to the north and a well was located near a seepage 50 miles north of Fort Norman on the Mackenzie River, north of latitude 65°. At Norman, oil was struck in two wells, but lack of a market hindered development. Since 1932, however, production each summer has provided fuel for the mining camps at Great Bear Lake and neighbouring areas. Good oil shows were noted in wells drilled on the Peace River in 1916 and 1917, and when, in 1919, it was again possible to introduce proper equipment, substantial test drilling was resumed at numerous localities in Alberta, as well as at Norman and Great Slave Lake in the Northwest Territories.

The close of the War also witnessed a revival of activity in Turner Valley, where a third well, started late in 1919 by the Calgary Petroleum Products Co., Ltd., was completed in 1923. The absorption plant of that company was destroyed by fire in 1920 and at the beginning of 1921 the company, which had been acquired by Imperial Oil Ltd., was reconstituted as the Royalite Oil Company. A new absorption plant was built together with a compressor station, and in 1922 the gas from the first two wells was piped to Calgary to augment the dwindling supplies from Bow Island.

*The Tapping of the Limestone by Royalite 4.*—In March, 1922, crude oil was struck not far south of the International Boundary at Kevin-Sunburst in Montana. This field was soon producing large quantities of oil from the so-called Ellis sand at the top of the Madison (Palæozoic) limestone, whereas all Alberta gas and oil production, with the exception of the oil at Waterton Lakes, had hitherto come from the younger Mesozoic rocks. The formations overlying the Madison being similar to those already explored in Alberta, it was natural that efforts should be made to reach this prolific horizon, the oil of which had a gravity ranging from 31° to 34° API and yielded 25 p.c. of straight-run gasoline and 14 p.c. of kerosene.

A fourth well was accordingly 'spudded-in' by the Royalite Oil Co. in 1922, a short distance north of the little group of the three earlier wells. It failed to find production on top of the Palæozoic limestone, as at Kevin-Sunburst, but after drilling 290 feet into the limestone, a sensational strike of gas was made in 1924. The flow was measured at 21,500,000 cu. ft. per day, although two strings of tools and 5,000 feet of line were in the hole. When the well was 'closed in' the casing parted, the well took fire, and was extinguished only with difficulty.

Although not particularly rich in heavier hydrocarbons in comparison with some gases, Royalite 4 contained about a gallon of them per 1,000 cu. ft. of gas, and owing to the high pressure (over 2,000 lb. per square inch) the expansion of the gas on escaping from the formation caused these hydrocarbons to condense and form what was termed 'naphtha', a clear liquid having a gravity of 73° API. Collected first in simple drips, this was eventually recovered by passing the gas through separators. The recovery was very good at first; large quantities of such hydrocarbons as propane and butane were included.

As the pressure in the vicinity of a well declined, the extraction became less perfect and much gasoline passed out with the tail gas. To recover this, absorption plants were re-introduced, the first built in 1933 having a capacity of 100,000,000 cu. ft. of gas per day. A 4-inch line for the naphtha and a 10-inch gas line were laid to Calgary. The gas from Royalite 4 contained 640 grains of hydrogen sulphide per 100 cu. ft. and to render it suitable for domestic use a scrubbing plant was built by means of which the content was reduced to 5 grains.

Royalite 4 had a depth of 3,740 feet and proved to be one of the shallowest wells to reach the limestone. Other wells went from 4,000 to 5,000 feet before striking the limestone and some of over 6,000 feet failed to reach it at all. It became evident that the east side of the structure was missing and that the westerly flank alone was productive. The limestone in parts was 'tight' and even shooting a well with nitroglycerine did not always free the gas. Development took on a north and south trend, avoiding both the barren east and the great depths that seemed likely to be called for on the west, judging by the steep dips of the rocks exposed on the surface. More recently this conception has been modified.

**Conservation of Gas Resources.**—The waste of gas from Turner Valley has been a problem since the completion of Royalite 4. To obtain a small quantity of naphtha it has been necessary to dispose of large quantities of gas—much more than could be marketed in Calgary and nearby centres. What could not be used was burned. The relatively low permeability of much of the limestone was one reason for not returning the tail gas to the formation after it had yielded its naphtha; another was that 'shutting in' of such high-pressure wells was comparatively unknown in the early days. Restriction of wells, moreover, meant loss of revenue to the operator from the sale of his naphtha.

The seriousness of such waste did not have to wait to be brought home by the decline of pressure. From the start it was fully appreciated, and the Petroleum and Natural Gas Regulations of the Department of the Interior provided for proper control of wells, but these regulations applied only to certain wells. When, in 1929, the waste grew enormously owing to the completion of prolific wells in the Home and Okalta areas, and even the winter load could no longer cope with the production, a joint Dominion and Provincial Committee was appointed to study conservation and specific legislation was recommended.

In 1930, after some preliminary testing, reconditioning of wells, and the provision of the proper plant, scrubbed gas from Turner Valley was introduced into the depleted and water-logged sand of the Bow Island gas field, where it remained to act as a reserve for the Calgary pipe-line. This process continued steadily until February, 1939, by which time over 11,000,000,000 cu. ft. of gas had been stored; such storage ceased because of the shutting in of gas wells in Turner Valley by the Conservation Board.

The transfer of control of natural resources from the Dominion to the Prairie Provinces in 1930 unified to some extent the supervision of the oil and gas fields in Alberta and, as the waste of gas continued unabated, a body, known as the Turner Valley Gas Conservation Board, was created by the Provincial Government. In 1932, a general order was made reducing the production of gas to 200,000,000 cu. ft. a day and a schedule of gas



allowables was drawn up, in the computation of which both naphtha production and acreage entered. Under subsequent orders measurements of pressures of wells were taken but, owing to the wording of the Act transferring the resources to Alberta, it was found impossible to enforce proration against the refusal of a few operators to accept it. The gas ratio in 1926 had been 52,900 cu. ft. per barrel of naphtha; in 1932 it had risen to 130,000. By 1933 a field some 13 miles in length had been delineated, the width being about one mile. In April restriction of the gas flow to 40 p.c. of the open flow was enforced on the recommendation of the Board, and uneconomical wells belonging to, or controlled by, the Royalite Oil Co. were shut in.

The Petroleum and Natural Gas Conservation Board of the Province of Alberta, created in 1938, has been successful in enforcing the conservation of gas. A gas well has been defined by them as one in which the gas/oil ratio is 31,000 cu. ft. or more per barrel. An oil well near the gas-cap becomes a gas well when its gas/oil ratio reaches that figure, as some have already done. In November, 1938, it became necessary to amend the Act to strengthen the powers of the Board and, since January, the waste of gas has been effectually checked, even the repressuring of Bow Island field having ceased.

**The Trend Towards Drilling for Oil Only.**—After 1933 only the southern end of the field remained available for the acquisition of leases and many independentants turned their attention thither. A well, Century 1, completed in 1934, produced crude oil instead of naphtha-laden gas and the oil became gradually heavier. This phenomenon had already happened in other wells in the north and central parts of the field, all of which lay close to a line on the western slope and were suggestive of a boundary between the gas-cap and a deeper-lying oil zone. A well, Turner Valley Royalties 1, in a strategical position to the dip of Century 1, about half a mile to the southwest, was accordingly completed and brought in as the first big crude-oil producer of Turner Valley in 1936.

Royalite 4 reaches a depth of 3,740 feet; Turner Valley Royalties 6,828 feet. The impetus given by the latter to the drilling of wells essentially for oil has been remarkable. By the end of 1939 about 100 wells had been drilled and only about 3 p.c. failed to prove productive. Of the total over 90 are in the southern part of the field opened up by Turner Valley Royalties 1, where an area extending roughly from Bull Creek to Tongue Creek has been developed. Five wells are producing south of Quirke Creek in the area in which Model 1 was the pioneer. Between Tongue Creek and these northern wells, a stretch of some 7 or 8 miles awaits the drill, and, judging from the distribution of gas along the gas-cap to the east, much of it is likely to yield oil. The southern boundary of the Turner Valley field has probably been delimited; the northern is still unknown.

At the south end, on the left bank of the Highwood River, edge-water has been found, indicating a width of the productive oil zone of about a mile and a half at that place. As so much of the 17 miles of the structure already recognized as potentially oil-bearing has yet to be drilled in the central and northern parts, it is not yet possible to assign precise widths to different parts of the field. Grounds exist, however, for regarding the

dip of the formations as greater at the north end and, assuming the water level to be constant, this may narrow the field there somewhat.



Turner Valley Royalties Well.—This was the first big crude-oil producer in South Turner Valley and was completed at a depth of 6,828 feet in June, 1936.

*Courtesy, Bureau of Geology and Topography,  
Department of Mines and Resources, Ottawa*

**Porosity of the Strata and 'Acidization'.**—Three porous zones have been recognized, one less than 10 feet thick at the top and rarely noted, the second about 200 feet below the top—from 30 to 150 feet and averaging 95 feet thick—the third above the so-called 'black lime' about 450 feet down and 75 feet thick. The last two are usually named the upper and lower porous zones, respectively. The upper zone is the main producer along the crest of the fold, although it is probable that Royalite 4 produced from both, owing to the shattered condition of the limestone. The upper zone is sometimes spoken of as producing more gas; the lower, more oil. The lower zone is well developed in the south end of the field where it is the main oil producer. In several wells to the north, little porosity has been found but the condition is well developed in Home Millarville 2, the big producing well at the north end of the field.

The porous zones are generally treated with acid after the well is brought in. At subsequent dates further acidization may be given. It is usual for a well to be treated at least twice, although the method of treatment varies, especially in the amount of acid given. Up to 12,000 gallons of hydrochloric acid is used and, upon occasion, considerably more has been tried. More generally the amount ranges from 3,000 to 8,000 gallons. Sometimes each porous zone is treated in turn. The effect is

to open up the pore structure and establish channels for oil to flow more readily to the well. Where secondary calcite has been deposited and sealed the channels, the immediate result may be very marked. Whether the ultimate production of a well is increased has not yet been determined. The acid is introduced through tubing and when spent is flushed out by oil pumped in for that purpose.

The oil from the limestone in the crude-oil area of Turner Valley ranges in gravity from 46° API, close to the gas-cap, to about 40° towards the contact with the edge-water. It yields 50 p.c. of straight-run gasoline, differing from most crudes, which yield 30 to 35 p.c. The oil produced in some wells in the gas-cap since 1914 from sands above the limestone had gravities of from 45° to 54° API.

Variability in the yield of different wells, such a noticeable feature of wells in the gas-cap, has also been found in the oil area, and there is a wide difference between estimates of the oil recoverable from the field. These range roughly from 100,000,000 to 300,000,000 bbl., and are probably much less than the actual amount of oil in the formation. One thing is certain: Turner Valley may be placed in the category of major oil fields. At the end of 1939 Alberta has already produced 27,800,000 bbl.

**The Complex Geology of the Western Field and Its Effect on Production.**—To many it may seem strange that in a region like the foothills of Alberta, where oil and gas indications are fairly common, other fields of magnitude have not been discovered, since many test-wells have been drilled. To the east, on the plains, heavier oil has been found at numerous localities, such as Wainwright, Ribstone, Lloydminster, Taber, Skiff, Red Coulée, and Spring Coulée, some of which have shown fair yields, and, no doubt, with energetic development and right methods of production, eastern Alberta and perhaps adjacent areas in Saskatchewan will be brought to yield large supplies of lower-grade oil that will supplement in refining value the higher grades of Turner Valley. Yet, to the time of writing, this remains the only important producing area in the foothills. Oil has been struck in Devonian limestone farther in the foothills at the Elbow and North Saskatchewan Rivers, but large scale production has not yet been attained.

The reason for this seeming anomaly lies largely in the complex geology of the foothills, the key to which can only be found, if at all, by expensive and prolonged drilling. Turner Valley may be regarded as a limestone mountain that never came to birth; beneath its deeply-buried western slope, gas, oil, and water occupy, respectively, deeper-lying parts of the porous zones. The limestone is now judged to be relatively simple in its structure but this has been completely hidden by the much more distorted overlying beds of shale and sandstone. Not one hole but hundreds were needed to reveal the facts and much has still to be learned. It has been found that structures bearing superficial resemblance to Turner Valley may differ much in depth, and the hoped-for 'limestone' may prove as elusive as the proverbial needle in the haystack. From the close study given to the results of the better-directed drilling efforts of recent years, it is not too much to predict that the riddle of foothills oil is well on the way to being solved.



## Conclusion

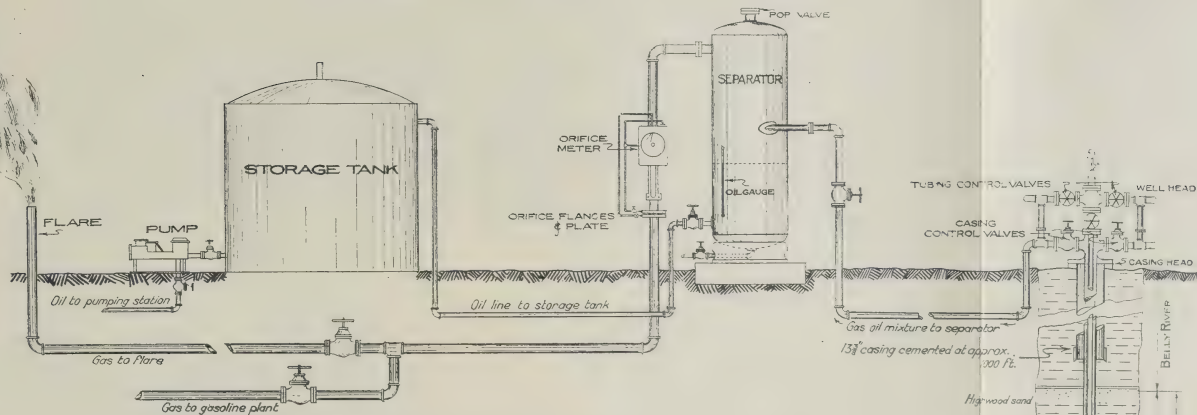
**The Problems of Marketing Western Oil.**—The rapid growth of crude-oil production in Turner Valley did not solve the problem of conserving the gas but added another, the finding of a market for the crude oil itself. The two 4-inch naphtha lines, laid originally from Turner Valley to Calgary, had proved inadequate by early 1937. Each had a capacity of 5,000 bbl. a day. In 1937 the Royalite Oil Co. laid a 6-inch loop that joined the old Regal line about 30 miles from Calgary and raised the combined capacity to 13,000 bbl. a day. Early in 1938 the 6-inch line was made continuous to Calgary, giving a combined capacity in excess of 24,000 bbl. daily. Tank storage in the field and at Calgary has been increased so that the pipe-line can handle the demands from the Prairie Provinces and eastern British Columbia. Some oil is also moved from the field by truck.

But transportation was only one of the problems to be met. Oil refining in Calgary has been built up on the basis of using the naphtha from the separators at the gas wells and the natural gasoline from the absorption plants for blending with the cracked products of heavier oil imported from Montana or Wyoming to make gasoline and tractor distillate suitable for the markets of the Prairie Provinces. The comparatively high-priced products of Turner Valley in those days went as far East as Moose Jaw. A very different situation arose, however, when crude oil began to be produced in large quantities in Turner Valley and was forced to compete over a wide area with the imported cheap crude, for much of which contracts had still some time to run. Refining equipment, moreover, is designed for a particular grade of crude or crudes and the Turner Valley crude differs considerably from the Montana or Wyoming crude hitherto used.

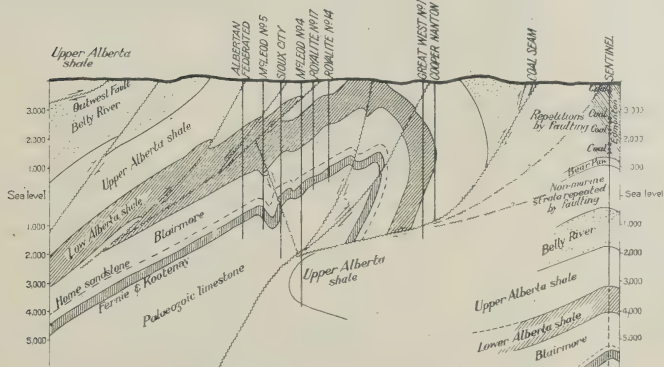
Production in Turner Valley had fluctuated little for several years and after a slight rise remained steady around 120,000 bbl. a month from the time Turner Valley Royalties well came in in June, 1936, until the end of the year. The increase was rapid in 1937. A cut in the posted price was made by Imperial and British American on Sept. 1, after they had first obtained a reduction in the freight rates from Calgary to Moose Jaw and Regina. The price was cut from \$1.55 to \$1.46 per bbl. for 40° to 40-9° API oil, with an increase of 2 cents per degree up to 65° API, as against a previous differential of 3 cents per degree. The reason given for this was that the competition of crude from Cut Bank, Montana, made it necessary. On Sept. 11, a meeting was called at which the producers were told storage tanks were full and that 'proration' would come into immediate effect on a 65 p.c. basis. This was reduced to 45 p.c. on Nov. 1, and to 35 p.c. on Nov. 11, but was increased to 42 p.c. on Jan. 1, 1938.

**Prorationing.**—'Prorate' signifies to distribute *pro rata*. This had been done for a number of years in oil fields when production exceeded demand and had to be curtailed. This is the real justification for it, although no doubt preservation of price may be an underlying motive. Prorationing may be based either on the open-flow (potential production) or on esti-

# SKETCH OF TYPICAL CRUDE OIL WELL IN TURNER VALLEY ILLUSTRATING GEOLOGY AND PRODUCTION EQUIPMENT

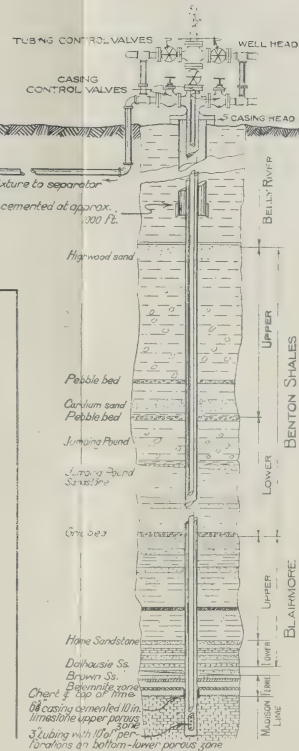


## GEOLOGICAL CROSS SECTION OF CENTRAL PART OF TURNER VALLEY



Note This cross section illustrates the extreme difficulty of interpreting the geological structure before the drilling has disclosed the actual lie of the strata.

Geological Section  
Courtesy Dr. G. S. Home  
Bureau of Geology and  
Topography, Ottawa



For description see over

## How Oil and Gas Are Produced in Turner Valley

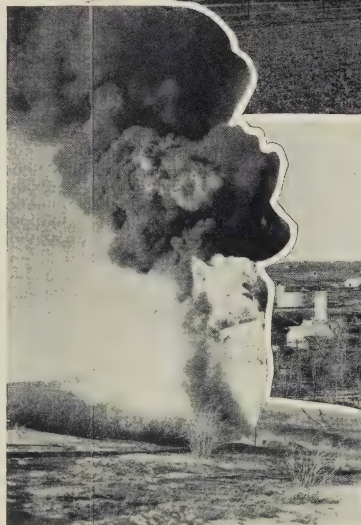
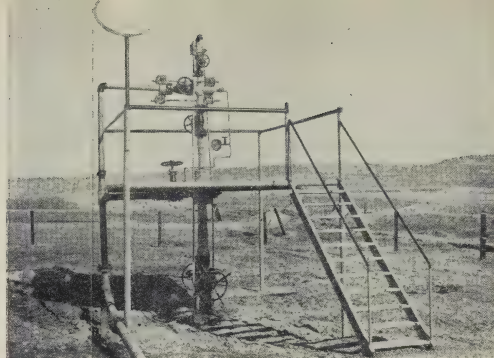
The system of drilling oil wells used nowadays in Turner Valley is known as the 'Rotary'. It is expeditious and effects economy in labour—a serious item in the heavy cost of drilling these wells—and a deep hole can be drilled with only two strings of casing. The section of the well on the reverse of this page shows 13½-inch casing 'set' at 1,000 feet and 6½-inch at the top of the limestone. Several horizons above the limestone sometimes carry oil; production has been obtained from the Home and Dalhousie sands.

At present, production in Turner Valley is usually by natural flow through the tubing (which is shown in the diagram extending from the bottom of the well through the casing head) to the assemblage of fittings at the surface of the well; the oil and gas are allowed to flow through either the casing or the tubing, usually the latter. When a successful well is completed, the drilling equipment including the derrick is removed and the only prominent feature remaining is this arrangement of pipes and valves (see Illustration 1 below). The connection leading to the separator, where the gas is separated from the oil, includes a special valve that permits regulation of the flow to within the 'allowable', i.e., the amount of oil fixed for the well by the Conservation Board.

Both the gas and the oil are metered and arrangements enable the pressures in the tubing, the casing, and at the bottom of the well to be taken with a minimum of disruption of the flow.

Although each well forms a unit (as shown diagrammatically), three or more are usually connected to one production farm where the separators, tanks, and pumps are collected. From here the oil is pumped to the gathering station of the pipe-line and the gas to an absorption plant for stripping of its natural gasoline, or it may pass direct to a flare.

The illustrations facing p. 24, reading downward, show: (1) The Production Stage.—After the well is completed, the derrick and all equipment are removed and an assemblage of fittings, as shown, links up the well-casing and -tubing with the separators. (2) An Absorption Plant.—This equipment separates the gasoline remaining in the gas after the naphtha has been removed by the separators at the well. (3) Flare at a Crude Oil Well in Western Canada.—After 'acidization', the spent acid is removed from the well by oil pumped down under pressure. The mixture is then consumed at the surface, since it has no commercial value. (4) A General View of a Plant for Treating Wet Gas in the Turner Valley.—The equipment includes: scrubbing apparatus, absorption plant and compressor, and storage tanks.





mated total recoverable oil. Both factors usually enter into the problem. The system of prorationing has been used in Alberta since September, 1937.

Until the creation of the Petroleum and Natural Gas Conservation Board by the Province of Alberta in April, 1938, open-flow or potential production was measured by the provincial Department of Lands and Mines. The market-demand fluctuates considerably with the seasons and in 1938, before the first order of the new Board, dated Aug. 8, 1938, the prorated allowances were changed four times. Beginning Sept. 2, 1938, they have been determined by means of a formula, in which, besides the well potential, acreage, gas/oil ratio, and bottom-hole pressure each plays its part. The acreage factor has been simplified by allowing only one well to 40 acres.

By careful production, it would seem that the wells will have a relatively long life, even if initial productions are not particularly big. Wells cost too much for much closer spacing to be economical. It is, however, abundantly clear that, if a bigger market could be found for the oil, production could be 'stepped up' considerably by drilling more wells. Schemes have been considered for the construction of trunk pipe-lines from Calgary to Vancouver and to Regina and Winnipeg. It has even been proposed to lay one to the Great Lakes and to transport the oil thence by tanker to Sarnia and Toronto.

**Future Prospects.**—It is reasonable to expect that, once adequate markets are opened, Turner Valley will not be the only big producer of crude oil in Alberta. Apart from the heavier crude that has already been demonstrated in this area of eastern Alberta, the foothills are known to contain numerous structures that offer attractive prospects for oil both in the Carboniferous rocks, as in the Turner Valley, and in deeper-lying Devonian limestones. Some extensive areas of the latter have already attracted attention and porous zones have been found saturated with high-grade oil. Nowhere yet has sufficient development been done to define what may be expected, but wells on the Elbow River and the Clearwater, a right-bank tributary of the North Saskatchewan River, have proved oil to be there in quantity. The region open to prospecting is enormous, extending into British Columbia and the Northwest Territories.

The bituminous sands of McMurray have been for years a source of bitumen for road making and roofing material. The bitumen separates readily from the sand as a heavy oil, from which gasoline and various fuel oils can be made. The mining industry to the north now offers a market for these products. The bitumen here available may easily amount to 100,000,000,000 bbl. There need be no fear that Canada will be short of oil when this vast reserve is fully developed.

The situation in regard to western oil is pretty much the same as that of coal. If there were no Pennsylvanian fields near Ontario, Canadian coal would dominate its markets and were it not for the close proximity of the huge oil industry of the United States, the development of western oil would present a very different picture. Even so, when the present state of potential over-production passes and the curve of consumption approaches that of potential supply, development in the West will proceed apace. Present developments in Turner Valley are but an earnest of far bigger things to come.

## CHAPTER I

### THE CONSTITUTION AND GOVERNMENT OF CANADA

**Historical Development.**—The political status of Canada has evolved from that of a British colony with self-government in domestic matters to that of a member-state of the British Commonwealth of Nations, theoretically equal in status to the United Kingdom and to each of the other member-states, and possessed of the attributes of sovereignty in respect of external as well as domestic affairs. Since 1867, when the Provinces of Canada (Ontario and Quebec), Nova Scotia, and New Brunswick were federally united into one Dominion under the Crown of the United Kingdom of Great Britain and Ireland, constitutional development has been matched by territorial expansion. There are now nine provinces—Quebec, Ontario, Nova Scotia, and New Brunswick (the original four); Manitoba (1870); British Columbia (1871); Prince Edward Island (1873); Alberta (1905); and Saskatchewan (1905). Besides the provinces,



The Speaker's Chair in the House of Commons, Ottawa.—This chair was presented to the Canadian House by the British Parliamentary Association, May 20, 1921.



The Speaker's Office, House of Parliament, Ottawa.—The Mace is on the table.

The Office of Speaker Dates Back in British History to the Fourteenth Century and has been Inherited by Canada and the Provinces.—The presiding officers both of the Canadian House of Commons and Senate and of the legislatures of the nine provinces, including the Legislative Council of Quebec, are all designated "Speakers", and perform the same functions as at Westminster.

*Courtesy, Canadian Government Motion Picture Bureau.*

there are vast northern territories which are administered directly by the Federal Government.

To understand Canada's status in the British Commonwealth of Nations and in the so-called family of nations, it is necessary to examine the history of her constitutional development.

**Internal Affairs.**—At the time of Confederation, as has been noted, Canada was self-governing in respect of her domestic affairs. Autonomy was not actually complete even in this field, for the Parliament of the United Kingdom retained the power to enact laws extending to Canada, and the Crown in Council (i.e., the British Government) retained the right to disallow Canadian legislation or withhold the Royal Assent to bills on certain subjects passed by the Parliament of Canada. These rights gradually fell into desuetude. The rights of disallowance and the withholding of assent were formally renounced by the Government of the United Kingdom at the Imperial Conference of 1930; and by the Statute of Westminster, 1931, the Parliament of the United Kingdom renounced its right to legislate for Canada except at the request and with the consent of the Canadian Parliament. The Statute of Westminster also authorized the Parliament of Canada and the provincial legislatures to enact laws amending or repealing British laws in so far as they applied to Canada; and it further declared and enacted that the Parliament of Canada had full power to make laws having extra-territorial effect. The method of amendment or repeal of the British North America Act—the written part of the Canadian constitution—was specifically excepted from the operation of the Statute of Westminster, mainly because there was no general agreement in Canada on an alternative method of constitutional amendment more in keeping with Canada's political status.

**External Affairs.**—The evolution of self-government in external affairs has been a slow process. It began with the association of Canadian representatives with British plenipotentiaries in the negotiation of treaties affecting Canada, and the attendance of Canadian representatives at international technical conferences. Participation in the Great War, 1914-18, earned for Canada separate representation at the Peace Conference, the right to have her representatives sign the treaties of peace, and separate membership in the League of Nations. At the Imperial Conference of 1926 it was agreed that the United Kingdom and Canada and the other Dominions were "autonomous Communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs". This was not an exact statement in 1926, nor is it exact in 1940; but it is a statement of the theory of the Commonwealth association, and facts that are out of harmony with it are regarded as anomalies.

**The Constitution.**—The written constitution of Canada is the British North America Act, 1867, and its amendments. This Act is an Act of the Parliament of the United Kingdom, and it is one of the anomalies of Canada's "equal status" that it can be amended only by that Parliament. In practice, however, the Parliament of the United Kingdom enacts such amendments as may be requested by joint addresses from the two Houses of the Parliament of Canada. Supplementing the written constitution is an unwritten constitution comprising ancient prerogatives of the Crown.



British constitutional conventions (sometimes adapted to fit Canadian conditions), and conventions and usages that have been evolved in Canada to conform with Canadian requirements.

**Division of Powers as Laid Down by the British North America Act.**—Following the federal principle, legislative powers in Canada are divided between the Parliament of Canada and the provincial legislatures. Under Section 91 of the British North America Act, the Parliament of Canada is authorized to make laws "for the peace, order and good government of Canada, in relation to matters not coming within the classes of



An Oblique Aerial View of Government House, Ottawa, the Official Residence of the Governors General of Canada.

subjects" assigned exclusively to the provincial legislatures under Section 92 of the Act. Among the classes of subjects in which the Federal Parliament has exclusive jurisdiction are the following: public debt and property; regulation of trade and commerce; raising of money by any mode of taxation; borrowing of money on the public credit; postal service; census and statistics; militia, military and naval service, and defence; fixing and providing for salaries and allowances of the officers of the Government; beacons, buoys, and lighthouses; navigation and shipping; quarantine, and the establishment and maintenance of marine hospitals; sea-coast and inland fisheries; interprovincial and international ferries; currency and coinage; banking, incorporation of banks, and issue of paper money; savings banks; weights and measures; bills of exchange and promissory notes; interest; legal tender; bankruptcy and insolvency; patents of invention and discovery; copyrights; Indians, and lands reserved for Indians; naturalization and aliens; marriage and divorce; the criminal

law, except the constitution of courts of criminal jurisdiction, but including the procedure in criminal matters; the establishment, maintenance, and management of penitentiaries; and such classes of subjects as are expressly excepted in the enumeration of the classes of subjects exclusively assigned to the legislatures of the provinces.

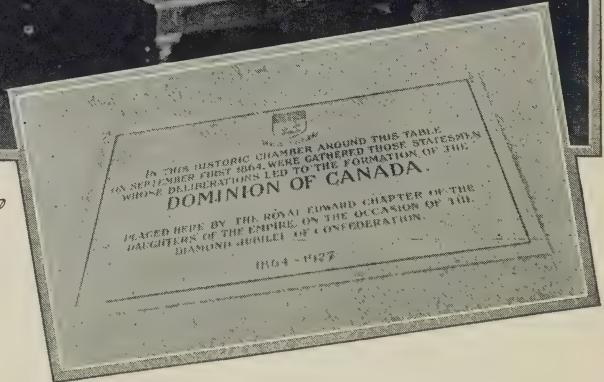
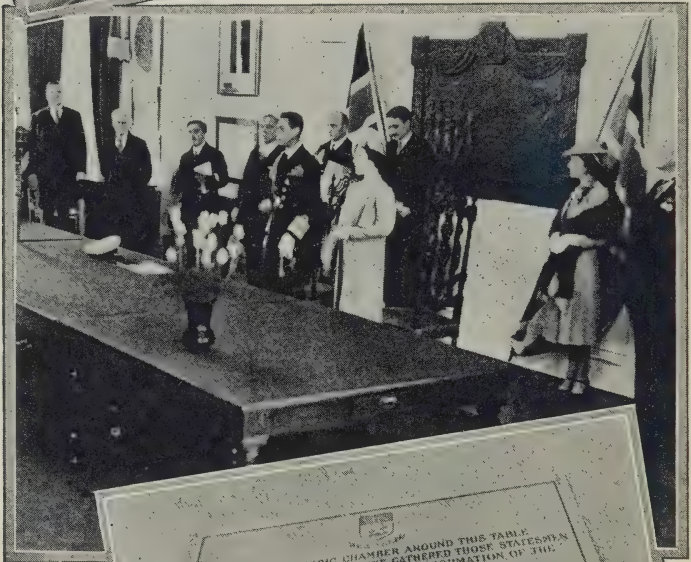
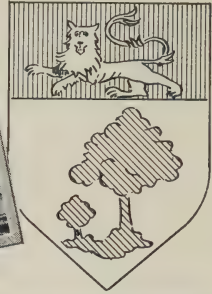
Under Section 92 of the British North America Act, the provincial legislatures have exclusive legislative authority in respect of the following classes of subjects: amendment of the constitution of the province, except as regards the Lieutenant-Governor; direct taxation within the province; borrowing of money on the credit of the province; establishment and tenure of provincial offices, and appointment and payment of provincial officers; the management and sale of public lands belonging to the province, and the timber and wood thereon; the establishment, maintenance, and management of hospitals, asylums, charities, and eleemosynary institutions in and for the province, other than marine hospitals; municipal institutions in the province; shop, saloon, tavern, auctioneer, and other licences issued for the raising of provincial or municipal revenue; local works and undertakings other than interprovincial or international lines of ships, railways, canals, telegraphs, etc., or works that, though wholly situated within one province, are declared by the Federal Parliament to be for the general advantage either of Canada or of two or more provinces; the incorporation of companies with provincial objects; the solemnization of marriage in the province; property and civil rights in the province; the administration of justice in the province, including the constitution, maintenance, and organization of provincial courts, both of civil and criminal jurisdiction, and including procedure in civil matters in those courts; the imposition of punishment by fine, penalty, or imprisonment for breach of any law of the province relating to any of the aforesaid subjects; generally all matters of a merely local or private nature in the province.

The Federal Parliament and the provincial legislatures have concurrent powers in respect of agriculture and immigration, but federal laws in relation to these matters override provincial laws. The provincial legislatures have exclusive authority with regard to education, subject to certain safeguards for the rights of religious minorities.

**Organization of Government.**—Government in Canada operates through three main branches, viz., the Federal Parliament and provincial legislatures, federal and provincial executives, and the judicial system.

*The Legislatures.*—The Parliament of Canada consists of the King (who is represented by the Governor General); the Senate; and the House of Commons. The provincial legislatures comprise the King (who is represented in each case by the Lieutenant-Governor of the province); an elected Legislative Assembly; and, in the Province of Quebec only, an upper House known as the Legislative Council.

The Senate has 96 members — 24 from each of the Provinces of Ontario and Quebec, 24 from the Maritime Provinces (Nova Scotia 10, New Brunswick 10, and Prince Edward Island 4), and 24 — 6 each — from the four western provinces (Manitoba, Saskatchewan, Alberta, and British Columbia). Senators are nominated by the Governor General on the advice of the Cabinet, and normally hold office for life. The Legislative Council of the Province of Quebec consists of 24 members, nominated for life by the Lieutenant-Governor in Council.



Their Majesties King George and Queen Elizabeth in the Historic Chamber where the First Conferences on the Confederation of British North America Took Place.— In order, reading downward, the pictures show: The Provincial Building, Charlottetown, P.E.I.; Their Majesties, on June 14, 1939, receiving the Address of Welcome of the People of Prince Edward Island. *Inset:* An enlargement of the brass tablet on the original table around which the Fathers of Confederation sat in 1864.

*Courtesy, Prince Edward Island Travel Bureau and Canadian Government Motion Picture Bureau*



The House of Commons has 245 members. The representation of the Province of Quebec is fixed at 65, and that of the other provinces is adjusted according to the ratio of their population to the population of Quebec after each decennial census. Representation at present is as follows: Prince Edward Island, 4; Nova Scotia, 12; New Brunswick, 10; Quebec, 65; Ontario, 82; Manitoba, 17; Saskatchewan, 21; Alberta, 17; British Columbia, 16; and Yukon, 1. Members are elected for a maximum term of five years, but the House may be dissolved before the term has expired.

Memberships of the Provincial Legislative Assemblies are as follows: Prince Edward Island, 30; Nova Scotia, 30; New Brunswick, 48; Quebec, 86; Ontario, 90; Manitoba, 55; Saskatchewan, 52; Alberta, 63; and British Columbia, 48. The maximum life of the Legislative Assemblies is five years.

Members of the House of Commons and of the Legislative Assemblies are elected by popular vote. The franchise varies from province to province; but in general men and women over twenty-one years of age who are British subjects and who satisfy residential qualifications are entitled to vote. The principal exceptions are women in the Province of Quebec, who do not vote in provincial elections, although they may vote in Dominion elections, and persons of Oriental race in British Columbia.

*The Executive.*—Executive authority is vested in His Majesty the King of Great Britain, Ireland, and the British dominions beyond the Seas, Emperor of India. Certain executive powers, mainly in connection with the conduct of foreign affairs, are from time to time exercised by the King himself, acting upon the advice of his Canadian Ministers; but for the most part executive powers corresponding to legislative powers are exercised by the Governor General for Canada, and by the Lieutenant-Governors for the provinces.

The Governor General is appointed by the King on the advice of his Canadian Ministers, usually for a term of five years. In accordance with what is the most important of the unwritten rules of the constitution, the Governor General acts only on the advice of the Cabinet, the members of which are jointly and severally responsible to the elected representatives of the people in the House of Commons for the whole conduct of government. The provisions of the British North America Act, whereby the Governor General may at his discretion disallow, or reserve for the signification of the King's pleasure, bills that have been passed by both Houses of Parliament, have become a dead letter.

The powers of a Lieutenant-Governor in relation to his Ministers are ordinarily the same as those of the Governor General *vis-à-vis* the Federal Cabinet; but in certain circumstances he may disallow bills or reserve them for the signification of the Governor General's pleasure. Lieutenant-Governors are appointed by the Governor General in Council. They hold office during pleasure, but usually for a five-year term, and may be removed for cause. In practice a Lieutenant-Governor may exercise powers of disallowance or reservation under instructions from the Federal Government.

The Governor General (or Lieutenant-Governor in the case of a province) appoints as Prime Minister (or Premier) the leader of the

political party or group that has a majority in the House of Commons (or Legislative Assembly).

The Cabinet, whether federal or provincial, is an executive committee of the legislature. Members of the Cabinet are chosen by the Prime Minister (or Premier of a province) and are appointed by the Governor General (or Lieutenant-Governor) on the advice of the Prime Minister (or Premier). Members of the Federal Cabinet are also members of the King's Privy Council for Canada. The Cabinet is the real executive authority, though its acts are, in form, acts of the Governor General on its advice. The Cabinet formulates policy; it sponsors most of the important legislation, the adoption of which it can usually obtain through its control of the majority in the legislature. Each member of the Cabinet is usually responsible for the administration of a Department of the Civil Service, although in the Cabinet there may be included Ministers without portfolio whose experience and counsel may be drawn upon but who ordinarily have no administrative duties. Thus the Cabinet not only formulates policy and sponsors legislation in line with its program, but controls the administrative machinery that gives it effect. The doctrine of Cabinet responsibility, whereby the Cabinet as a whole is held responsible for the official acts and policies of individual Ministers, has become well established and the Cabinet must resign as a body if the legislature gives formal expression to lack of confidence in its policies or its personnel. The conventions of Cabinet government also apply in the provinces.

Over the major part of Canada, as pointed out, there is a division of powers between the Federal and Provincial Governments. These are defined in the written constitution. There are, however, the vast northern areas of the Northwest Territories and Yukon, the widely-spread National Parks and historic sites, Indian reserves, and a few scattered parcels of Ordnance and Admiralty lands, which remain under the jurisdiction of the Federal Government and are administered under Cabinet Ministers by Federal Departments. These comprise between 42 and 45 p.c. of the land surface of Canada, but their total population is little more than 1 p.c. of that of the country as a whole.

The government of the Northwest Territories is vested in a Commissioner, a Deputy Commissioner, and a Council of five members appointed by the Governor General in Council from members of the Federal Civil Service. Ottawa is the seat of government.

In Yukon there is a local Government. The chief executive is the controller appointed under instruction from the Governor General in Council or the Minister of Mines and Resources. There is an elective Legislative Council with jurisdiction over local matters. The seat of government is Dawson.

*The Judicial System.*—The judiciary, the third element or branch of government, interprets the law and administers justice. Under the British North America Act (Sect. 92, s-s. 14) the legislature of a province has exclusive legislative competence in relation to "the administration of justice in the province, including the constitution, maintenance and organization of provincial courts, both of civil and of criminal jurisdiction and including procedure in civil matters in those courts". In Section 91 of

the Act it is provided that "the criminal law, except the constitution of courts of criminal jurisdiction, but including the procedure in criminal matters" is a subject within the exclusive legislative competence of the Dominion Parliament.

Although legislative authority over the judicial system is divided, the system itself is in fact closely integrated. A provincial legislature is free to set up various courts of first instance, such as the ordinary courts presided over by stipendiary magistrates or justices of the peace, juvenile courts, domestic-relations courts, traffic courts, as well as county courts and superior courts, etc. The system owes its cohesion to the facts that appeals are possible, as a rule, to higher courts and that judges of county courts and superior courts in the provinces, as well as of the Supreme Court of Canada and the Exchequer Court, are all appointed by the Governor General in Council and are paid from moneys appropriated by the Dominion Parliament. The judges are drawn invariably from the legal profession. Judges of the Supreme Court of Canada, the Exchequer Court and county or district courts hold office until the appointee reaches the age of seventy-five years. Superior-court judges hold office for life. Judicial independence is safeguarded by the requirement that judges of the Supreme Court of Canada, the Exchequer Court, and the superior courts of the provinces hold office during good behaviour and are only removable by the Governor General on an Address of the Senate and House of Commons. County- and district-court judges are removable from office by the Governor General in Council for misbehaviour or for incapacity or inability to perform their duties, after an inquiry has first been held. In addition, pensions are provided on retirement in certain circumstances.

The Dominion Parliament possesses authority to establish a general court of appeal for Canada and any additional courts for the better administration of the laws of Canada, but so far has used its power only to set up the Supreme Court of Canada as a Court of Appeal and the Exchequer Court, which were constituted in 1875 under the Supreme and Exchequer Court Act (38 Vic., c. 11).

The Supreme Court has jurisdiction as a High Court of Appeal in both civil and criminal cases throughout Canada. It is also a court of appeal from the Exchequer Court, from the Board of Transport Commissioners, as provided in the Railway Act, and in certain other cases expressly provided under Dominion legislation. The Governor General in Council may refer to the Supreme Court for an opinion upon any matter deemed advisable. The Supreme Court sits in Ottawa, where the judges reside and where three sessions annually are held.

The Exchequer Court of Canada possesses exclusive original jurisdiction in all cases in which demand is made or relief sought against the Crown or any of its officers. It also has jurisdiction in controversies between the provinces and the Dominion under certain conditions. The Exchequer Court sits from time to time, and in such places as the business of the court requires.

In criminal cases the Supreme Court of Canada is the final court of appeal. In civil cases appeals may be brought from the superior courts of the provinces to the Supreme Court of Canada and thence to the Judicial Committee of the Privy Council by special leave of the latter



body. There is also an appeal as of right direct from the superior courts of the provinces to the Judicial Committee of the Privy Council in cases involving property of a minimum value that varies from province to province; in other cases the Judicial Committee may grant special leave to appeal. In practice, if a litigant brings an appeal to the Supreme Court of Canada, an appeal therefrom to the Judicial Committee of the Privy Council is seldom taken. There is an appeal as of right to the Judicial Committee from the Exchequer Court sitting as a Court of Admiralty.

**Municipal Government.**—Under the British North America Act, the municipalities are the creations of the Provincial Governments. Their bases of organization and their powers differ in different provinces, but almost everywhere they have very considerable powers of local self-government. If the local government districts of Saskatchewan and Alberta are included there are over 4,100 municipal governments in Canada. These 4,100 municipal governments have together probably 20,000 members described as mayors, reeves, controllers, councillors, etc.

## Diplomatic Representation

**Representation of Canada in Other Countries.**—The Government of Canada has been represented in London since 1879 by a High Commissioner whose duties are to care for the many interests of Canada in the United Kingdom, to supplement the direct means of communication between the Canadian and British Governments, and in some cases to communicate direct with His Majesty the King.

Canada's first diplomatic representative abroad was the Canadian Minister to the United States, whose office was created in 1926. In 1928 a Canadian Minister to France was appointed, replacing a Commissioner-General whose office had been established in 1882. The first Canadian Minister to Japan was appointed in 1929, and in 1939 a Canadian Minister was accredited to the Netherlands and Belgium. Since 1925 Canada has had a permanent representative in Geneva accredited to the League of Nations. A High Commissioner to Australia was appointed in November, 1939, and the Government has announced its intention of sending High Commissioners to the Union of South Africa, Ireland, and New Zealand.

**Representation of Other Countries in Canada.**—The United States of America has had a Legation in Ottawa since 1927. The first High Commissioner for the United Kingdom in Canada took up his appointment in 1928, and in the same year the first French Minister to Canada was named. Japan established a Legation in 1929, and Belgium and the Netherlands accredited Ministers to Canada in 1937 and 1939, respectively. The office of Accredited Representative of the Union of South Africa was established in 1938, and a High Commissioner for Ireland was appointed in 1939. In September, 1939, the Governments of Australia and New Zealand announced their intention of appointing High Commissioners to Canada.

## CHAPTER II

# POPULATION—VITAL STATISTICS—PUBLIC HEALTH AND WELFARE

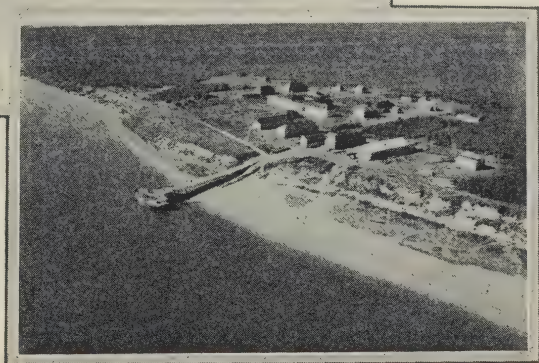
### Population

The population of the earth is estimated at approximately 2,000,000,000.\* The British Empire, which covers slightly less than one-quarter of the land area of the earth, has slightly less than one-quarter of the



Moose Factory,  
Northern  
Ontario,  
on the South  
Shore of  
James Bay.

York Factory at the  
Mouth of the Hayes  
River, in Northern  
Manitoba, on the  
Western Coast of  
Hudson Bay.



Typical Outposts of Northern Canada.

*Courtesy, Canadian Government Motion Picture Bureau*

world's population. Canada, which occupies over one-quarter of the area of the British Empire, has only about one forty-fifth of the Empire population. While there is no absolute standard for population density, so much depending on extent of resources, the rate of increase in productivity of land as a result of invention, etc., a certain minimum density is desirable.

\* The Statistical Year Book of the League of Nations, 1938-39, gives the population of the world as 2,125,600,000 not including estimates of certain populations, chiefly in Asia and Africa, where censuses are incomplete or do not exist.

## Areas and Populations of the British Empire

Country	Area in Sq. Miles	Population <i>circa</i> 1931	Officially Estimated Population 1938 <sup>1</sup>
British Empire.....	13,318,000	492,621,046	500,870,000 <sup>2</sup>
United Kingdom of Great Britain and N. Ireland.....	93,991	46,042,000	47,485,000
Ireland (Eire).....	26,601	2,957,000	2,937,000
Canada.....	3,694,900	10,375,786	11,209,000
Union of South Africa.....	471,917	8,132,600	9,979,900
Australia.....	2,974,581	6,629,839	6,929,691
New Zealand.....	103,415	1,442,746	1,607,826
Newfoundland and Labrador.....	275,134	281,549	294,000 <sup>3</sup>
India.....	1,805,252	351,399,880	374,200,000 <sup>4</sup>

<sup>1</sup> Official estimates from various sources.<sup>2</sup> Estimate for 1939 taken from Whitaker's

Almanac.

<sup>3</sup> 1937 official estimate.<sup>4</sup> Official estimate as at Dec. 31, 1936.

**Growth of the Canadian Population.**—The first census after Confederation (1871) saw the Dominion launched with a population of 3,689,257. After 1873, and until the end of the century, economic conditions within the Dominion were anything but buoyant. The Censuses of 1881, 1891, and 1901 reflected this state of affairs. That of 1881 showed a gain of 635,553 or 17.23 p.c., but in neither of the next two decades was this record equalled, the gains in each being under 550,000 or 12 p.c. At the end of the century the population of Canada had reached but 5,371,315 though expectation had set a figure very much higher.

## Populations of Canada, Census Years 1871-1931

Province or Territory	1871	1881	1891	1901	1911	1921	1931	1936 <sup>1</sup>
P.E.I. ....	94,021	108,891	109,078	103,259	93,728	88,615	88,038	—
N.S. ....	387,800	440,572	450,396	459,574	492,338	523,837	512,846	—
N.B. ....	285,594	321,233	321,263	331,120	351,889	387,876	408,219	—
Que. ....	1,191,516	1,359,027	1,488,535	1,648,898	2,005,776	2,360,665 <sup>2</sup>	2,874,255	—
Ont. ....	1,620,851	1,926,922	2,114,321	2,182,947	2,527,292	2,933,662	3,431,683	—
Man. ....	25,228	62,260	152,506	255,211	461,394	610,118	700,139	711,216
Sask. ....	—	—	—	91,279	492,432	757,510	921,785	931,547
Alta. ....	—	—	—	73,022	374,295	588,454	731,605	772,782
B.C. ....	36,247	49,459	98,173	178,657	392,480	524,582	694,263	—
Yukon. ....	—	—	—	27,219	8,512	4,157	4,230	—
N.W.T. <sup>3</sup> ...	48,000	56,446	98,967	20,129	6,507	7,988	9,723	—
<b>Canada</b>	<b>3,689,257</b>	<b>4,324,810</b>	<b>4,833,239</b>	<b>5,371,315</b>	<b>7,206,643</b>	<b>8,787,949<sup>2</sup></b>	<b>10,376,786</b>	—

<sup>1</sup> Quinquennial census figures.<sup>2</sup> Revised in accordance with the Labrador Award of the

Privy Council, Mar. 1, 1927.

<sup>3</sup> The decreases shown in the population of the Northwest Territories since 1891 are due to the separation therefrom of vast areas to form Alberta, Saskatchewan, and Yukon and to extend the boundaries of Quebec, Ontario, and Manitoba.<sup>4</sup> Includes 485 members of the Royal Canadian Navy.

The general rate of population increase in Canada in the opening decade of the present century was 34 p.c., the greatest for that decade of any country in the world. In the second decade the rate was 22 p.c., again the greatest, with the one exception of Australia where growth was greater by a fraction of 1 p.c. A century earlier the United States grew 35 p.c. decade by decade until 1860, but with this exception there has been no



recorded example of more rapid population growth than that of Canada in the early decades of the twentieth century. In 1871, only 2.97 p.c. of the population dwelt west of Lake of the Woods. In 1921 the proportion was 28.37 p.c. and in 1931, 29.51 p.c.—3,061,745 compared with 110,000 at Confederation.

**Rural and Urban Population.**—As regards rural and urban distribution, though Canada is still largely agricultural, town dwellers in 1931, for the first time, exceeded the numbers living upon the land (5,572,058 urban and 4,804,728 rural). Sixty years ago the towns and cities of Canada accounted for only 19.58 p.c. of the people (722,343 urban and 2,966,914 rural), and at the beginning of the present century the percentage was but 37.

### Populations of Cities and Towns having over 25,000 Inhabitants, 1931

NOTE.—In all cases the populations for previous censuses have been re-arranged as far as possible to compare with those of the same areas in 1931.

City or Town	Province	Populations					
		1891	1901	1911	1921	1931	1936 <sup>1</sup>
Montreal.....	Quebec.....	256,723	328,172	490,504	618,506	818,577	-
Toronto.....	Ontario.....	181,215	209,892	381,833	521,893	631,207	-
Vancouver.....	British Columbia.....	13,709	29,432	120,847	163,220	246,593	-
Winnipeg.....	Manitoba.....	25,639	42,340	136,035	179,087	218,785	215,814
Hamilton.....	Ontario.....	48,959	52,634	81,969	114,151	155,547	-
Quebec.....	Quebec.....	63,090	68,840	78,710	95,193	130,594	-
Ottawa.....	Ontario.....	44,154	59,928	87,062	107,843	126,872	-
Calgary.....	Alberta.....	3,876	4,392	43,704	63,305	83,761	83,407
Edmonton.....	Alberta.....	-	4,176	31,064	58,821	79,197	85,774
London.....	Ontario.....	31,977	37,976	46,300	60,959	71,148	-
Windsor.....	Ontario.....	10,322	12,153	17,829	38,591	63,108	-
Verdun.....	Quebec.....	296	1,898	11,629	25,001	60,745	-
Halifax.....	Nova Scotia.....	38,437	40,832	46,619	58,372	59,275	-
Regina.....	Saskatchewan.....	-	2,249	30,213	34,432	53,209	53,354
Saint John.....	New Brunswick.....	39,179	40,711	42,511	47,166	47,514	-
Saskatoon.....	Saskatchewan.....	-	113	12,004	25,739	43,291	41,734
Victoria.....	British Columbia.....	16,841	20,919	31,660	38,727	39,082	-
Three Rivers.....	Quebec.....	8,334	9,981	13,691	22,367	35,450	-
Kitchener.....	Ontario.....	7,425	9,747	15,196	21,763	30,793	-
Brantford.....	Ontario.....	12,753	16,619	23,132	29,440	30,107	-
Hull.....	Quebec.....	11,264	13,993	18,222	24,117	29,433	-
Sherbrooke.....	Quebec.....	10,097	11,765	16,405	23,515	28,933	-
Outremont.....	Quebec.....	795	1,148	4,820	13,249	28,641	-
Port William.....	Ontario.....	2,176	3,633	16,499	20,541	26,277	-

<sup>1</sup>Quinquennial census figures.

**Sex Distribution.**—The population of Canada in 1931 was made up of 5,374,541 males and 5,002,245 females. Thus there were 518 males and 482 females per thousand. The masculinity of the population has increased in the eastern provinces and decreased in the western ones, where it was formerly greatest. A preponderance of males is common in all new countries where immigration has played an important part in building up the population.

**Estimated Populations.**—Annual figures of population are required for many purposes such as the calculation of birth, death, and marriage rates and of per capita figures of production, trade, and finance. The Dominion Bureau of Statistics estimates such figures for intercensal years and the following table gives such estimates for years since 1931.

## Estimated Populations of Canada for Intercensal Years since 1931

Province	1932	1933	1934	1935	1936	1937	1938	1939
	'000	'000	'000	'000	'000	'000	'000	'000
Prince Edward Island.....	89	89	89	89	92	93	94	95
Nova Scotia.....	519	522	525	527	537	542	548	554
New Brunswick.....	413	420	425	429	435	440	445	451
Quebec.....	2,910	2,970	3,018	3,062	3,096	3,135	3,172	3,210
Ontario.....	3,475	3,564	3,629	3,673	3,689	3,711	3,731	3,752
Manitoba.....	709	710	711	711	711	717	720	727
Saskatchewan.....	933	932	932	931	931	939	941	949
Alberta.....	740	748	756	764	773	778	783	789
British Columbia.....	704	712	725	735	750	751	761	774
Yukon.....	4	4	4	4	4	4	4	4
Northwest Territories.....	10	10	10	10	10	10	10	10
<b>Canada.....</b>	<b>10,506</b>	<b>10,681</b>	<b>10,824</b>	<b>10,935</b>	<b>11,028</b>	<b>11,120</b>	<b>11,209</b>	<b>11,315</b>

**Aboriginal Races.**—The 1931 figures of population given above include small numbers of the aboriginal races which amount in all to little more than 1 p.c. of the total population.



Boys of the  
Squamish Indian  
Residential  
School, North  
Vancouver,  
British  
Columbia.—  
Totem poles and  
other articles  
made by them.

*Courtesy, National  
Director, Junior  
Red Cross*

**Indians.**—Indians are minors under the law and their affairs are now administered by the Indian Affairs Branch of the Department of Mines and Resources under the authority of the Indian Act. The system of reserves, whereby particular areas of land have been set apart solely for the use of Indians, has been established in Canada from the earliest times. It was designed to protect the Indians from encroachment, and to provide a sort of sanctuary where they could develop unmolested until advancing civilization had made possible their absorption into the general body of the citizens. Reserves have been set aside for the various bands of Indians throughout the Dominion, and the Indians located thereon are under the supervision of the local agents of the Branch. The activities of the Branch, as guardian of the Indians, include the control of Indian education, the care of health, etc., the development of agriculture and other pursuits among them, the administration of their funds and legal transactions, and the general supervision of their welfare.

The Indian Act provides for the enfranchisement of Indians. When an Indian is enfranchised he ceases to be an Indian under the law. In the older provinces, where the Indians have been longer in contact with civilization, many are becoming enfranchised. Great discretion, however, is exercised by the Government in dealing with this problem. Indians who become enfranchised lose the special protection attached to their wardship, so that premature enfranchisement must be avoided.

According to the 1931 Dominion Census, the total number of Indians was 122,911 (62,943 males and 59,968 females) made up by provinces as follows: P.E.I., 233; N.S., 2,191; N.B., 1,685; Que., 12,312; Ont., 30,368; Man., 15,417; Sask., 15,268; Alta., 15,249; B.C., 24,599; Yukon, 1,543; N.W.T., 4,046. The Department of Indian Affairs made a later count of Indians in 1934 and the figure given at that date was 112,510, made up by provinces as follows: P.E.I., 224; N.S., 2,093; N.B., 1,734; Que., 13,281; Ont., 30,631; Man., 12,958; Sask., 11,878; Alta., 10,900; B.C., 23,598; Yukon, 1,359; N.W.T., 3,854.

*Eskimos.*—The Eskimos of Canada are found principally on the northern fringe of the mainland and on islands in the Arctic Archipelago and in Hudson Bay, although in the Baker Lake-Chesterfield Inlet area on the west side of Hudson Bay there are bands of Eskimos who are essentially an inland people, and subsist chiefly on caribou. The diet of the coast Eskimos is largely marine mammals and fish, varied at times by caribou obtained from the interior during the seasonal migrations of these animals. The skins of the caribou are used for winter clothing.

The administrative care of Eskimos outside of the organized provinces devolves upon the Lands, Parks and Forests Branch of the Department of Mines and Resources, which, by regulative measures (including the setting aside of game preserves where only natives may hunt), conserves the natural resources necessary to their subsistence. To augment these resources the Branch imported in 1935 a substantial herd of reindeer. Contact with the Eskimos is maintained through permanent stations in the eastern, central, and western Arctic, at a number of which medical officers are located, and by means of the annual Canadian Eastern Arctic Patrol by steamship. Law and order in all regions in Canada inhabited by Eskimos is maintained by the Royal Canadian Mounted Police.

According to the Dominion Census of 1931, there were 5,979 Eskimos in Canada, nearly 80 p.c. of these being in the Northwest Territories. The distribution by provinces was: N.W.T., 4,670; Que., 1,159; Yukon, 85; Man., 62; and Alta., 3.

**Immigration.**—Total immigrants into Canada during the fiscal year 1939 numbered 17,128 as compared with 15,645 in 1938 and 12,023 in 1937.

English, Scottish, Irish, and Welsh from overseas numbered 3,373 as compared with 2,972 and 2,264 in 1938 and 1937, respectively; immigrants from the United States totalled 5,663 in 1939 as compared with 5,643 and 5,113, respectively, for the two previous years; from other countries the number was 8,092 as compared with 7,030 and 4,646.

A movement not included in the immigration statistics is that of 'returned Canadians'. Such departmental figures were first tabulated in the fiscal year 1924-25 and concern Canadian citizens who left Canada to reside in the United States and subsequently returned to Canada declaring



their intention of resuming permanent residence in the Dominion. These Canadian citizens are divided into three groups: (a) Canadian born; (b) British born (outside of Canada); (c) persons naturalized in Canada. The total for 1938-39 was 4,571 as compared with 5,209 in 1937-38.

Although tourists entering Canada are not immigrants, their admission calls for an immigration examination on the International Boundary and at ocean ports. The number of entries in this class increased from 20,898,000 for 1933-34 to 29,153,000 for 1938-39—a total much more than twice the population of the whole Dominion.

## Vital Statistics

Canada has a national system of vital statistics, organized under the Bureau of Statistics and the Registrars-General of the several provinces, dating from 1920. The figures of births, deaths, and marriages for 1938 with rates for 1926 and 1938 are given, by provinces, in the following table.

**Births, Deaths, and Marriages in Canada, by Provinces**

Province	Births			Deaths			Marriages		
	1938 <sup>1</sup>		1926	1938 <sup>1</sup>		1926	1938 <sup>1</sup>		1926
	No.	Rate per M	Rate per M	No.	Rate Per M	Rate per M	No.	Rate per M	Rate per M
Prince Edward Island.....	1,971	21.0	20.1	1,029	10.9	10.3	591	6.3	5.3
Nova Scotia.....	12,189	22.2	21.3	6,063	11.1	12.4	4,084	7.5	5.6
New Brunswick.....	11,418	25.7	26.1	4,882	11.0	12.6	3,368	7.6	7.4
Quebec.....	78,145	24.6	31.6	32,609	10.3	14.3	25,044	7.9	6.8
Ontario.....	65,501	17.6	21.4	36,879	9.9	11.3	30,060	8.1	7.5
Manitoba.....	13,478	18.7	22.9	5,893	8.2	8.3	6,262	8.7	7.1
Saskatchewan.....	18,162	19.3	25.2	6,060	6.4	7.4	5,857	6.2	6.7
Alberta.....	15,881	20.3	23.8	5,870	7.5	8.5	6,973	8.9	7.4
British Columbia.....	12,438	16.3	16.6	7,458	9.8	9.0	6,139	8.1	7.3
<b>Canada<sup>2</sup>.....</b>	<b>229,183</b>	<b>20.5</b>	<b>24.7</b>	<b>106,743</b>	<b>9.5</b>	<b>11.4</b>	<b>88,398</b>	<b>7.9</b>	<b>7.1</b>

<sup>1</sup> Preliminary figures.

<sup>2</sup> Exclusive of Yukon and the Northwest Territories.

**Births.**—Vital statistics for the whole of Canada on a uniform basis have been made available only since 1926 when the Province of Quebec came into the Registration Area. From 1926 to 1930 the number of births, though not the rate, showed an upward trend, rising from 232,750 in the former year to 243,495 in the latter.

After 1930, however, the movement was reversed until 1938 when the number of births was 229,183 compared with 220,235 in 1937. Indeed the figure was higher in 1938 than it has been since 1932. Because of the growing population, the rate showed a still greater drop between 1930 and 1937 but for 1938 stood at 20.5—the highest point since 1934. The extension of rural depopulation affected the decline in births during the depression. This decline was partly offset, however, by a fall in the number of deaths.

**Deaths.**—The number of deaths which occurred in 1938 and the rates for 1926 and 1938 are given in the above table.

**Main Causes of Death.**—The six chief causes of death accounted in 1938 for well over one-half of the total deaths in Canada. Diseases of the heart considered as a group was the most important cause in this year. Cancer was second—incidentally, the death rate from this cause has

advanced for almost every year from 1926 to 1938, but this trend is in a considerable measure accounted for by the ageing of the Canadian population. Third in importance as a cause of death was the group "diseases of the arteries", which has also shown an apparent upward trend since 1926. Pneumonia was in fourth place, although up to and including 1932 this cause took precedence over diseases of the arteries. Diseases of early infancy was next and nephritis, accidental deaths, and tuberculosis sixth, seventh, and eighth, respectively.

*Infant Mortality.*—A good indication of the efficiency of the health services of a country is provided by its infant mortality. In Canada during recent years this rate has shown a substantial reduction, falling from 102 per thousand live births in 1926 to 63 in 1938. The Canadian rate, however, ranks fairly high as compared with those of other countries, and room for improvement is still great, especially as regards gastrointestinal diseases and diseases of the respiratory tract.

### Infant Deaths and Death Rates in Canada

Province	Infants under One Year				Rates per 1,000 Live Births			
	1926	1936	1937	1938 <sup>1</sup>	1926	1936	1937	1938 <sup>1</sup>
Prince Edward Island.....	123	137	152	113	70	69	73	57
Nova Scotia.....	882	781	812	748	80	66	70	61
New Brunswick.....	1,095	806	1,072	854	106	77	101	75
Quebec.....	11,666	6,220	7,580	6,486	142	83	100	83
Ontario.....	5,302	3,416	3,382	3,245	78	55	55	50
Manitoba.....	1,122	779	826	750	77	61	64	56
Saskatchewan.....	1,681	1,030	1,245	933	81	54	67	51
Alberta.....	1,233	940	994	813	85	60	63	51
British Columbia.....	588	465	630	555	58	44	56	45
<b>Canada<sup>2</sup>.....</b>	<b>23,692</b>	<b>14,574</b>	<b>16,693</b>	<b>14,497</b>	<b>102</b>	<b>66</b>	<b>76</b>	<b>63</b>

<sup>1</sup> Preliminary figures.

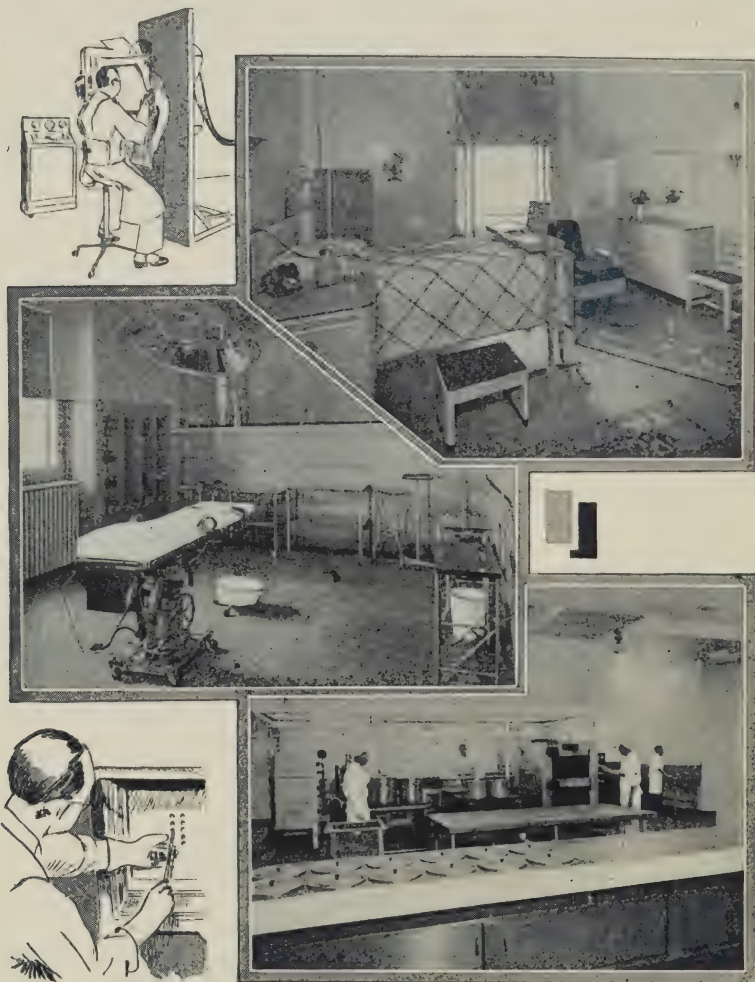
<sup>2</sup> Exclusive of Yukon and the Northwest Territories.

*Natural Increase.*—Natural increase results from the difference between births and deaths. The birth rate (as indicated in the table on p. 40) is, in general, declining in Canada, although an increase is shown for 1938. The death rate, however, is also declining (though at a slightly lower rate) with the result that the rate of natural increase has been downward on the whole since 1930. The rate for 1926 was 13.3 per thousand population; for 1929 it was 12.2; for 1933, 11.3; and for 1938, 11.0.

*Marriages.*—The recent depression exercised a marked influence on marriages and the marriage rate in Canada. The year 1937, however, showed a very marked recovery and 1938 showed a slight increase over 1937. In 1929 marriages in Canada numbered 77,288. They declined to 71,657 in 1930, 66,591 in 1931, and 62,531 in 1932. The corresponding rates were 7.7 per thousand in 1929, 7.0 in 1930, 6.4 in 1931, and 6.0 in 1932. The year 1933 showed a slight upturn in the number of marriages, viz., 63,865, though the rate remained unchanged at 6.0 per thousand. In 1934 they increased by more than 9,000, reaching 73,092, with a rate of 6.8; in 1935 the number was 76,893 and the rate 7.0; in 1936 the number was 80,904 and the rate 7.3; 1937 showed an increase in number to 87,800 and the rate to 7.9; while for 1938 the number increased again to 88,398 and the rate remained the same at 7.9.

## Public Health, Hospitals, and Charitable Institutions

The rapidly widening interest in the fields of public health and public welfare in Canada is evidenced by the fairly steady expansion in the assumption, as a public liability, of the welfare needs of the people, by both the Dominion and Provincial Governments. This development seems part of a world-wide tendency following upon the fundamental changes in the community and social life of the people in recent decades.



Canada is Up to Date in Modern Hospital Developments.—Up-to-date general hospitals are to be found in all of the larger centres of population. Reading downwards, the illustration shows: A private room, an operating room, and the main kitchen of a modern Toronto hospital. In the upper and lower left corners, the artist has shown X-Ray apparatus and the handling of radium tubes as features of hospital facilities and equipment.

*Courtesy, Canadian Hospital Council, Toronto*



In Canada, this development has meant a rapid growth in public expenditures for social services, particularly in the fields of public health and public welfare. At the same time voluntary organizations have been active in most Canadian communities, especially in connection with hospitals, charitable and benevolent institutions, and child welfare needs.

The social changes contributing to these developments have been accompanied by equally significant changes in the nature of the services provided. Public welfare administration originated as the care of the needy and distressed by municipalities, but modern trends have greatly increased the scope of governmental public welfare activities. Mothers' allowances operating in seven of the nine provinces and the granting of aid to needy mothers and children in their own homes is gradually superseding care in children's homes, orphanages, and almshouses; old age pensions, towards which the Dominion Government and the provinces contribute, are now operative in all provinces in Canada. Detailed treatment of unemployment relief and old age pensions is given in Chapter XII.

Speaking generally, the administration and supervision of public health and public welfare services is in the hands of provincial authorities. Each province has its own department of public health presided over by a minister and his deputy. The department has supervision over general sanitation, control of communicable diseases including tuberculosis and venereal disease, medical inspection of schools, public health nursing and child welfare, hospitals for the care of the sick and those mentally ill, and, in general, the carrying out of general health services in the province.

The Dominion Government deals only with such public health matters as are either exclusively national or are such as cannot be controlled effectively by the provinces. Its chief functions are: to protect the country against the entrance of infectious disease; to administer the immigration laws; to treat sick and injured mariners; to set standards for and to control the quality of food and drugs, proprietary medicines, etc.; to care for lepers; and to co-operate with the provinces in measures for preserving and improving the public health.

The growth of the hospital movement in Canada parallels closely the distribution of the general population, the larger hospitals being found in the large urban centres of population. Tremendous assistance is given by an increasing number of small but efficient public hospitals and medical outposts to the communities served by them. These small hospitals and outposts have been instrumental in saving many lives and in ameliorating the hardships of the sick. In the more isolated communities and frontier districts the Red Cross outpost hospitals are continuing to be an important factor not only in caring for the sick but in promoting settlement. These services are further supplemented by the work of the Victorian Order of Nurses, a national visiting nursing association with over 90 branches in Canada. In the Prairie Provinces, the municipal system of hospitals has proved quite successful in extending hospital facilities to districts that could not by themselves support a hospital.

By far the largest group of hospitals is the public hospital which accepts various classes of patient regardless of ability to pay. The total number of these hospitals in 1938 was 609, divided as shown in the table on p. 44.

In addition to the above hospitals, it will be seen that there are a number of special hospitals, such as mental hospitals, tuberculosis hospitals, and Dominion or Federal hospitals. The 33 Dominion hospitals are divided as follows: 4 quarantine and immigration, 1 marine, 2 leper, 9 military, 8 war veteran, and 9 for the care of Indians.

Private hospitals numbered 274, 266 of which reported a total bed capacity of 2,666.

The number of charitable and benevolent institutions and allied agencies in Canada on June 1, 1938, was 459 (454 reported). Of the 459 institutions, 137 were for adults, 88 for adults and children, 118 were orphanages, 95 were children's aid societies, 6 juvenile immigration societies, and 15 day nurseries.

### Numbers and Bed Capacities of Hospitals and Charitable Institutions in Canada, by Provinces, 1938<sup>1</sup>

Type of Institution	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Canada.
Population ('000's omitted).....	94	548	445	3,172	3,731	720	941	783	761	11,209
<b>HOSPITALS</b>										
Public— <sup>2</sup>										
General.....No.	4	26	16	54	111	35	78	82	78 <sup>4</sup>	454 <sup>4</sup>
Beds	254	1,871	1,353	8,593	12,264	2,775	3,326	3,835	5,202 <sup>4</sup>	39,473 <sup>4</sup>
Women's (only).....No.	Nil	1	1	3	3	Nil	Nil	1	1	10
Beds	"	64	20	292	246	"	"	33	70	725
Pædiatric.....No.	"	1	Nil	3	2	1	1	1	2	11
Beds	"	80	"	477	487	135	28	50	106	1,363
Isolation.....No.	"	1	"	4	5	2	1	3	Nil	16
Beds	"	60	"	639	553	336	5	102	"	1,695
Convalescent.....No.	"	Nil	"	3	7	1	Nil	Nil	"	11
Beds	"	"	"	500	247	50	"	"	"	797
Red Cross.....No.	"	"	"	Nil	29	Nil	7	"	3	39
Beds	"	"	"	"	316	"	70	"	18	404
Incurables.....No.	"	"	1	3	8	1	2	4	1	20
Beds	"	"	33	977	1,066	375	187	172	170	2,980
Other.....No.	"	"	Nil	8	4	Nil	3	2	Nil	17
Beds	"	"	"	2,178	88	"	79	156	"	2,501
Totals, Public <sup>2</sup> .....No.	4	29	18	78	169	40	92	93	85 <sup>4</sup>	608 <sup>4</sup>
Beds	254	2,075	1,406	13,656	15,267	3,671	3,695	4,348	5,566 <sup>4</sup>	49,938 <sup>4</sup>
Private <sup>2</sup> .....No.	Nil	5	6	39	51	6	78	48	33	266 <sup>5</sup>
Beds	"	57	105	718	675	41	408	243	419	2,666 <sup>5</sup>
Totals, Public and Private. <sup>2</sup>	4	34	24	117	220	46 <sup>3</sup>	170	141	118	874
Beds	254	2,132	1,511	14,374	15,942	3,712	4,103	4,591	5,985	52,604
Special—										
Dominion.....No.	Nil	4	3	5	7	4	1	5	4	33
Beds	"	388	148	722	1,246	323	71	259	242	3,399
Mental.....No.	1	16	1	9	16	4	2	4	4	57
Beds	275	2,215	1,150	12,011	13,237	2,348	2,650	2,328	2,457	38,671
Tuberculosis.....No.	1	3	3	10	14	4	4	1	1	41
Beds	60	386	466	1,613	3,503	764	730	210	332	8,064
T.B. Annexes										
In General										
Public	No.	Nil	5	11	3	Nil	4	3	4	30
Hospitals.	Beds	"	130	766	42	"	50	187	286	1,461
Totals, All Hospitals	No.	6	57	31	141	257	58	177	151	1,005 <sup>4</sup>
Beds	589	5,121	3,275	28,720	33,928	7,147	7,554	7,388	9,016 <sup>4</sup>	102,738 <sup>4</sup>
CHARITABLE AND BENEVOLENT INSTITUTIONS.	No.	4	35	28	126	156	28	8	11	415 <sup>6</sup>
Beds	411	2,897	1,715	19,896	10,585	1,570	430	431	1,136	39,071 <sup>6</sup>

<sup>1</sup> Except as indicated in other footnotes.

<sup>2</sup> Other than mental and tuberculosis.

<sup>3</sup> Figures for Manitoba hospitals are for 1937.

<sup>4</sup> Includes 9 in Yukon and N.W.T. with 276

beds, but does not include 1 which did not report.

<sup>5</sup> Does not include 1 private hospital in Que.,

1 in Ont., 2 in Man., 1 in Sask., and 3 in B.C. which did not report.

<sup>6</sup> Does not include 5 institutions which did not report.

## CHAPTER III

### WEALTH — PRODUCTION — INCOME

#### National Wealth

The economic concept of national wealth is concrete since economics is not able to take cognizance of the immense field of intangible wealth created by churches, schools, and other institutions, nor of such things as climate, location, health, etc., which are often referred to as wealth, but in a different sense from that meant here. The definition includes all our farms, factories, equipment, merchandise in stock, real estate, roads, highways, developed resources, and the thousand and one material things which we as a nation possess.

Great difficulty arises when we try to reduce all the things which go to make up this wealth to a common denominator for statistical purposes. National wealth must always be expressed in terms of the national currency. Yet the purchasing power of the currency unit is always fluctuating and, since 1929, had at one point increased by more than 50 p.c. (February, 1933—the lowest point of the depression) in terms of wholesale prices, though there has been definite improvement since then.

The effect of such drastic reductions in prices is first felt by the commodities which are being currently produced. Ultimately a persistent decline affects capital values of real estate, buildings, machinery, etc., and its influence is felt in a reduction in the money value of national wealth.

The first official estimate issued by the Dominion Bureau of Statistics was for 1921, being based on the census data collected in that year. It placed the national wealth at \$22,195,000,000. Later estimates were \$25,673,000,000 for 1925 and \$27,668,000,000 for 1927. The estimate for 1929 was \$31,276,000,000, and the 1933 estimate \$25,768,000,000. The former presents a picture at the peak of domestic prosperity, whereas that of 1933 reflects the writing down of values resulting from the depression. Until values have become stabilized on a post-depression basis, it is not expected that another estimate will be made.

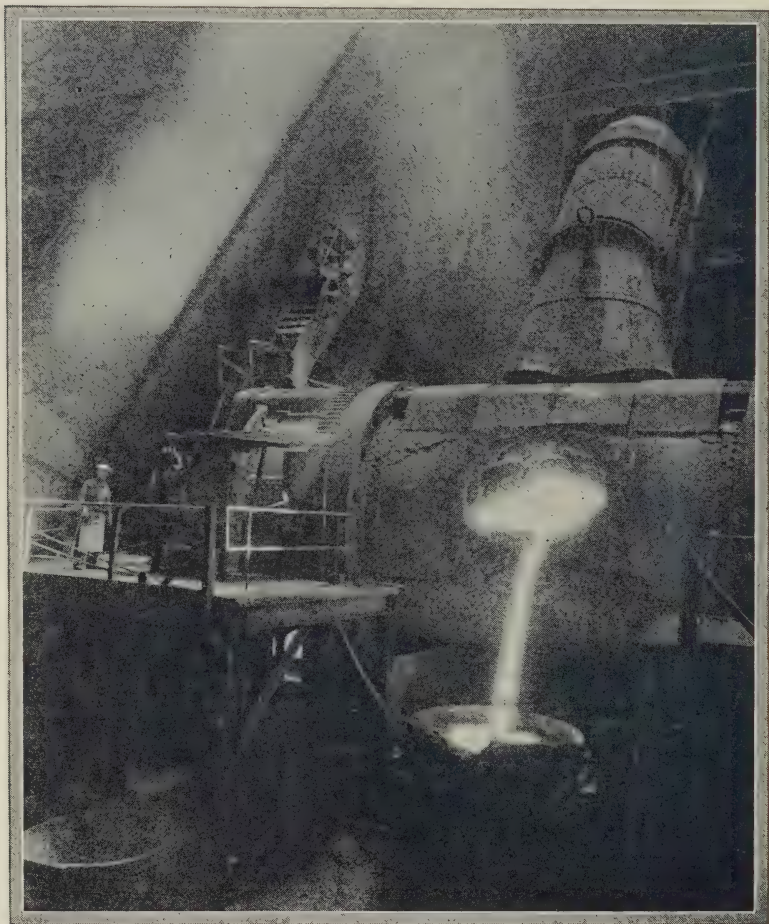
#### Aggregate and Per Capita Wealth by Individual Provinces, 1933.—

As regards the provincial distribution of wealth in 1933, Ontario ranked first with an estimated aggregate wealth of \$8,796,000,000 or 34.14 p.c. of the total; Quebec second with \$6,738,000,000 or 26.15 p.c.; Saskatchewan third with \$2,527,000,000 or 9.81 p.c.; and British Columbia fourth with \$2,431,000,000 or 9.43 p.c. of the whole. While Ontario and Quebec led in absolute wealth, the western provinces came first in per capita wealth. British Columbia held first rank with a per capita wealth of \$3,414; Alberta second with \$2,689; and Saskatchewan third with \$2,657.

#### General Survey of Production

Under the term 'production' as here used are included activities of agriculture, fishing, mining, forestry, trapping, power development, manufactures, and construction. This does not imply that many other activities





Nickel-Copper Furnace 'Matte' being Poured from Convertors.—A single worker controls the fiery orange spill of furnace matte to the waiting ladle. Each ladle weighs  $10\frac{1}{2}$  tons and holds 18 tons of matte.

*Courtesy, International Nickel Company of Canada*

such as transportation, merchandising, personal and professional services, are not also 'productive' in a broad economic sense. It is customary, however, to regard the processes involved in the creation of materials or their making over into new forms as constituting production in a special sense. Of this a bird's-eye view is given in the table on p. 48, which shows the gross and net value of production in each of the divisions of industry above mentioned. In a second table on p. 49, a summary of the value of total production in Canada is given by provinces.

A distinction is made between *gross* and *net* production. By net production is meant the value left in producers' hands after the elimination

of the value of the materials, fuel and purchased electricity, and supplies consumed in the process of production. This net figure is therefore a much better criterion of the value of an industry to the community in which it operates than the gross.

After recording successive declines for five years, the net value of production turned upward in 1934 to register a substantial gain over the preceding year. This advance was continued in 1935, 1936, and 1937, The net value of commodities produced in the latter year, as estimated by the Dominion Bureau of Statistics on the basis of data compiled by its various branches, was \$2,970,617,510, compared with a revised estimate of \$2,628,419,977 for 1936. The gain of 13.0 p.c. represents the marked betterment in productive operations over the preceding year.



Unloading Peas at a Canning Factory, Simcoe, Ontario.

*Courtesy, Travel and Publicity Bureau, Toronto*

Eight of the nine divisions of industry showed appreciable advances over 1936. The only exception to the general expansion in net value was agriculture which showed a decline of 0.1 p.c. The rise in prices of farm products during the year was greater than in any other important commodity group, as a result of which farm-product prices compared favourably with those of other groups for the first time in eight years. However, the loss occasioned by the Saskatchewan drought was more than sufficient to counterbalance gains in value made in the production of other provinces, notably Manitoba, Alberta, and Ontario.

The greatest absolute gains were recorded in manufactures and mining, and the largest percentage increases in construction and mining. Primary production registered a net advance of 10.3 p.c. in 1937 over 1936 compared with an increase of 17.7 p.c. for secondary production.

Mining again gave evidence of its dynamic leadership by establishing a new record for the third consecutive year in the net value of its output.

It should be noted that since the beginning of the post-war period the mining industry has nearly tripled its annual contribution to the net value of Canada's production. In 1937 there was an added net value, after all deductions, of \$373,000,000, a gain of nearly 28 p.c. over the preceding year. The development of base-metal mining deserves special mention, while the volume of gold production was more than double that of eight years ago.

Manufacturing operations gathered momentum during the year, the volume of output having been equal to that of 1929. The net value of manufacturing was \$1,506,624,867 in 1937, a gain of nearly 17 p.c. over the preceding year. A considerable part of the expansion occurred in the production of durable goods and industrial equipment, particularly in the iron and steel and automobile industries.

The net value of construction completed in 1937 showed a gain of 29.6 p.c. over 1936. This was the largest percentage increase registered in any main industrial group. Building material prices also showed an advance of over 11 p.c.

### Value of Production in Canada, by Industries, 1936 and 1937

Industry	1936 <sup>1</sup>		1937	
	Gross	Net	Gross	Net
	\$	\$	\$	\$
Agriculture.....	1,065,966,000	679,341,000	1,039,492,000	678,953,000
Forestry.....	400,292,122	231,937,561	494,355,587	234,504,031
Fisheries.....	51,081,135	34,234,063	51,155,513	34,439,481
Trapping.....	9,214,325	9,214,325	10,477,096	10,477,096
Mining.....	497,332,721	291,972,359	662,630,976	372,796,027
Electric power.....	135,865,173	133,561,387	143,546,643	140,963,914
Totals, Primary Production	2,159,751,476	1,380,260,695	2,401,657,815	1,522,133,549
Construction.....	258,040,400	135,851,162	351,874,114	176,029,679
Custom and repair.....	100,549,000	70,930,000	113,067,000	79,055,000
Manufactures.....	3,002,403,814	1,289,592,672	3,623,159,500	1,506,624,867
Totals, Secondary Production.....	3,360,993,214	1,496,373,834	4,088,100,614	1,761,709,546
<b>Grand Totals<sup>2</sup>.....</b>	<b>4,862,126,049</b>	<b>2,628,419,977</b>	<b>5,658,877,071</b>	<b>2,970,617,510</b>

<sup>1</sup>Revised since the publication of *Canada 1939*.

<sup>2</sup>Excludes duplication in "Manufactures" of items included under primary production.

**Relative Production by Provinces.**—During 1937 Ontario maintained by a wide margin her pre-eminence in the creation of commodities, producing 44.4 p.c. of the Dominion total compared with a revised figure of 44.1 p.c. in 1936. Quebec increased her contribution to the national economy with a share of 25.6 p.c. compared with 24.7 p.c. in the preceding year. British Columbia and Alberta retained third and fourth positions, contributing 8.5 p.c. and 6.9 p.c. of the grand total. Saskatchewan, due to drought, was displaced by Manitoba in fifth place, the latter province increasing its contribution from 4.7 p.c. of the net total to 5.9 p.c. Nova Scotia also exceeded Saskatchewan's total to take sixth position with



3.4 p.c. of the national output. Saskatchewan, with the lowest net in its post-war history, was seventh. New Brunswick and Prince Edward Island followed in the order named.

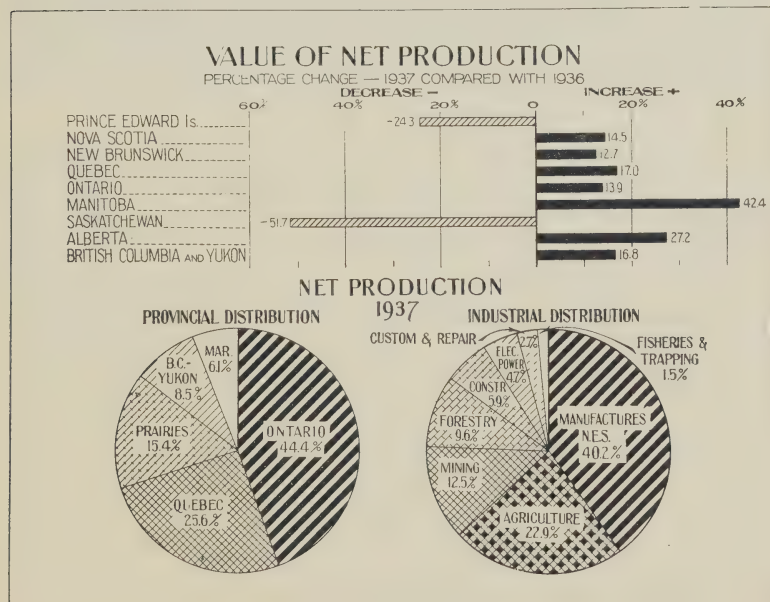
The per capita net commodity production of Ontario was nearly \$356 in 1937 compared with \$315 in 1936. British Columbia produced about \$330 for every citizen, while Alberta ranked third with a per capita figure of \$265. Manitoba averaged \$244; Quebec, \$242; Nova Scotia, \$189; New Brunswick, \$161; Prince Edward Island, \$101; and Saskatchewan, \$79.

Value of Production in Canada, by Provinces, 1936 and 1937

Province	1936 <sup>1</sup>		1937	
	Gross	Net	Gross	Net
	\$	\$	\$	\$
Prince Edward Island.....	21,166,389	12,372,654	18,366,455	9,361,792
Nova Scotia.....	154,815,695	89,318,776	181,261,513	102,321,783
New Brunswick.....	116,170,230	62,758,002	135,930,088	70,738,543
Quebec.....	1,247,023,268	648,790,860	1,498,939,161	759,264,651
Ontario.....	2,191,559,179	1,158,885,508	2,580,553,917	1,319,991,840
Manitoba.....	232,926,071	123,128,621	301,631,357	175,355,562
Saskatchewan.....	255,200,863	154,936,876	176,834,009	74,894,069
Alberta.....	260,635,137	161,864,956	309,276,957	205,891,931
British Columbia <sup>2</sup> .....	382,629,217	216,363,724	456,083,609	252,797,339
<b>Grand Totals.....</b>	<b>4,862,126,049</b>	<b>2,628,419,977</b>	<b>5,658,877,071</b>	<b>2,970,617,510</b>

<sup>1</sup> Revised since the publication of *Canada 1939*.

<sup>2</sup> Includes Yukon.



## National Income

The statistical measurement of the national income is necessarily a matter of great difficulty, and the most detailed research into the relevant statistics must always leave an appreciable margin of error. The General Statistics Branch of the Bureau of Statistics has made approximate estimates of national income from production data, after deducting depreciation for equipment and net balance of interest payments payable outside Canada; it is now engaged in an extensive study of the national income covering some thirty industrial groups. The groups are being carefully analysed by taking gross receipts and deducting payments to other industries for raw materials, fuel and purchased electricity, depreciation, and miscellaneous expenses. The results of this study are not yet available for publication.

**Incomes Assessed for Income War Tax in Canada.**—In those countries of the world where an income tax has been established for a considerable time, the figures of the assessed income have been generally accepted as furnishing a guide both to the amount and to the distribution of the total national income by classes. Estimates of the national income, based upon income tax statistics, have been published, for example, in the United Kingdom and in the United States.

In Canada the income tax is a more recent innovation than in either of the above-mentioned countries; also, in a newer country, incomes are to a greater extent received in kind. Nevertheless, the data collected by the Income Tax Branch of the Department of National Revenue are significant both with regard to the total income assessed and with regard to the distribution of that income among various classes of the population.

In the fiscal year ended 1938, individuals and corporations paid Dominion income tax on 1936 incomes aggregating \$1,066,034,544. About one-third of the national income appears to be subject to income tax by Dominion authorities.

As regards the amount of income tax paid by various income groups, it is noteworthy that, in 1938, about 34 p.c. of the amount collected from individuals with classified incomes (\$41,249,636) was from those with incomes of \$50,000 or over (such individuals might be considered as in the millionaire class and numbered only 382 out of a total of 237,064 individual taxpayers). The percentage of the gross total receipts contributed by this class in 1937 was 33. On the other hand, individuals with incomes under \$10,000, who numbered 228,979, or about 97 p.c. of the total individual taxpayers in 1938, contributed 24 p.c. of the total for that year. In the case of corporations, those with incomes of \$50,000 or over contributed by far the major part (over 87 p.c.) of the total gross receipts (\$70,607,523) from all corporations, but the number of such companies was a very much higher proportion of the total than in the case of individuals.

## CHAPTER IV

### AGRICULTURE

The soil and climate of Canada are such as to permit a great diversity of farming enterprise within the country. This will be evident from a brief consideration of the regional types of farming in the Dominion.

The Maritime Provinces show considerable regional difference in crop production. In certain areas, especially adapted to their production, potatoes and apples are important cash crops. Hay and clover occupy the greatest proportion of the general field-crop area, while on large acreages of dykelands adjacent to tide water, hay raising is a specialty. Dairy products supply a large proportion of the farm income.



A Country Road in Saskatchewan.

The Province of Quebec is adapted essentially to mixed farming, with large regions specializing in dairying. The forage and coarse grain crops comprise over 90 p.c. of the total field-crop area, while among the strictly cash crops, potatoes occupy the greatest area. This province accounts for the bulk of the maple syrup and sugar made in Canada and is an important producer of honey. Vegetable crops provide a substantial revenue, while certain types of tobacco thrive in the province.

While mixed farming predominates in the Province of Ontario, considerable attention has been given to the development of specialized farming enterprises such as the growing of fruits, truck crops, and tobacco. As in Quebec, the major part of the cultivated area is planted to forage crops and coarse grains but the acreages of cereals are much larger than in Quebec. In some counties the fall wheat crop contributes a fair proportion of the cash income. Sugar beets are an important crop in the southwestern part of the province. Dairy farming is carried on throughout the whole province with considerable specialization in the areas surrounding the larger centres of population, in Oxford County, and eastern Ontario.



Fruit and vegetables are grown extensively in the Niagara and Essex Peninsulas and in other districts bordering the Great Lakes and Georgian Bay, while in the Counties of Essex, Kent, Elgin, and Norfolk, tobacco is an important crop.

Over two-thirds of the field-crop acreage of Canada is concentrated in the three Prairie Provinces and most of this area is seeded to grain crops with wheat predominant. Generally speaking, the specialized wheat areas cover the southern short-grass plains from the Red River Valley of Manitoba to the foothills of Alberta and attain their greatest width in central Saskatchewan. In the park belt lying mostly north of this region, mixed farming is practised, with large areas of coarse grains and natural hay used for live-stock feeding. In southwestern Saskatchewan and southern Alberta, cattle and sheep ranching is an important industry.

In British Columbia agriculture exhibits possibly a greater degree of diversity than in any other province, ranging from the highly-specialized fruit and vegetable farms to the ranches of the interior. Fruit and truck crops are most important in the Okanagan and Kootenay Valleys. Dairy-ing and poultry raising are specialties on Vancouver Island and in the lower Fraser Valley.

### Values of Agricultural Capital and Production

The current value of farm capital in Canada in 1938 was estimated at \$4,654,580,000 compared with \$4,720,751,000 in 1937 and \$4,626,161,000 in 1936. The drop in 1938 was due largely to a decline in farm real estate values. In 1938, Ontario had 29 p.c. of the total value of farm capital, Saskatchewan 21 p.c., and Quebec 19 p.c.

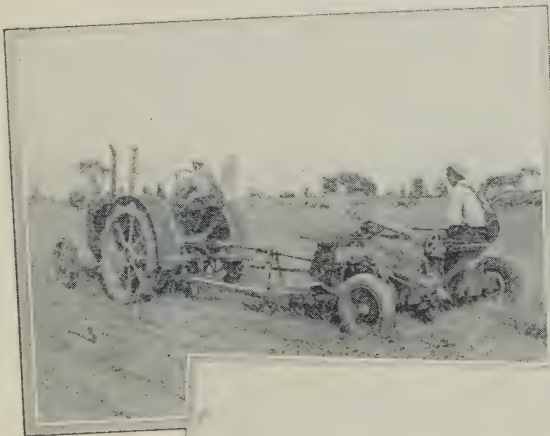
#### Current Value of Agricultural Capital, by Provinces, 1938

Province	Land and Buildings	Implements and Machinery	Live Stock	Total
	\$'000	\$'000	\$'000	\$'000
Prince Edward Island.....	45,380	6,140	8,031	59,551
Nova Scotia.....	82,514	7,930	14,899	105,343
New Brunswick.....	80,025	9,830	15,971	105,826
Quebec.....	684,131	72,350	115,243	871,724
Ontario.....	1,049,526	119,000	198,714	1,367,240
Manitoba.....	224,848	43,600	51,568	320,016
Saskatchewan.....	797,795	119,800	80,408	998,003
Alberta.....	503,569	86,300	86,745	676,614
British Columbia.....	117,089	10,700	22,474	150,263
<b>Totals.....</b>	<b>1938 3,584,877</b>	<b>475,650</b>	<b>594,053</b>	<b>4,654,580</b>
	<b>1937 3,634,981</b>	<b>478,454</b>	<b>607,316</b>	<b>4,720,751</b>
	<b>1936 3,554,474</b>	<b>494,197</b>	<b>577,490</b>	<b>4,626,161</b>

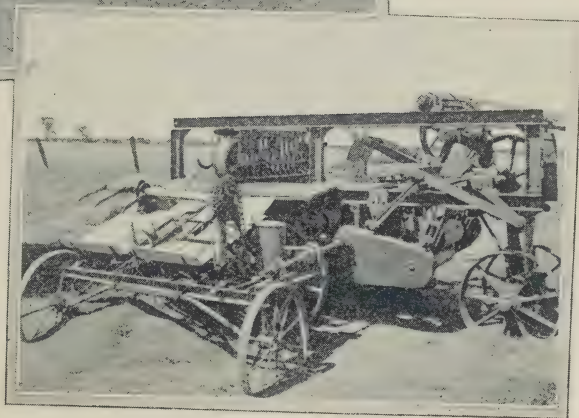
The gross value of agricultural production includes the value of all crops, live stock and animal products produced on farms in Canada. In 1938 the gross value of agricultural production was estimated at \$1,020,217,000, which was \$253,423,000 higher than the depression low established in 1932. The gross value of agricultural production in 1938 was \$19,275,000 below that of 1937.

The cash income from the sale of principal farm products for the calendar year 1938 was about 2½ p.c. lower than in 1937. This decrease in income was the result of smaller sales and lower prices for live stock. In

the fall of 1937 live-stock income, particularly in Saskatchewan and Alberta, was boosted by the forced liquidation of many animals. As a result, in 1938 sales of live stock were down appreciably in these provinces. Although total cash income was below that of 1937, incomes from sales of crops showed a gain of  $7\frac{1}{2}$  p.c. Most of this gain occurred in Saskatchewan and Alberta where larger crops were harvested in 1938 than in 1937. The cash income from the sale of live stock and animal products showed a decline of 10 p.c. in 1938 as compared with 1937.



A Flax Puller  
and Binder.



A Flax  
De-seeder.

**Types of Implements Used in the Growing of Flax for Fibre.**—The acreage devoted to this crop has shown steady increase from 1933 and increased by 29.3 p.c. from 1937 to 1938.

*Courtesy, Economic Fibre Division, Central Experimental Farm, Ottawa*

Higher cash receipts from the sale of products in 1938 were obtained in Alberta, Saskatchewan, Quebec, and Nova Scotia. Gains in all these provinces were principally due to increased income from the sale of crops. For 1938 the distribution of income was more even than in 1937 and in this respect some improvement in agricultural conditions was effected. Cash income, however, remained considerably below pre-depression levels and for 1938 amounted to about 63 p.c. of the 1926-29 average.

## Gross Value of Agricultural Production in Canada, 1934-38

Item	1934	1935	1936	1937	1938
	\$'000	\$'000	\$'000	\$'000	\$'000
Field crops.....	549,080	511,873	612,300	556,222	528,860
Farm animals.....	99,438	120,078	130,979	140,989	136,846
Wool.....	1,255	1,493	1,861	2,049	1,498
Dairy products.....	172,864	180,756	198,672	215,623	220,164
Fruits and vegetables.....	43,424	49,964	44,015	41,816	42,952
Poultry products.....	45,515	50,434	53,244	51,766	53,748
Fur farming.....	4,534	5,516	6,532	6,802	6,200
Maple products.....	3,041	3,522	3,714	2,245	3,850
Tobacco.....	7,218	10,870	9,374	17,140	19,563
Flax fibre.....	250	321	298	332	519
Clover and grass seed.....	2,010	1,818	2,154	2,344	2,990
Honey and wax.....	2,575	2,338	2,823	2,164	3,027
<b>Totals.....</b>	<b>931,204</b>	<b>938,983</b>	<b>1,065,966</b>	<b>1,039,492</b>	<b>1,020,217</b>

## Field Crops

**Acres.**—During the past half century there has been a tremendous increase in the area sown to field crops. The opening up of the Prairie Provinces and the stimulus to production induced by the War of 1914-18 were the principal factors responsible for the increase of nearly 272 p.c. in field-crop area between 1890 and 1939.

**Wheat.**—Production and trade for the years 1928 to 1939 are shown below.

## Production, Imports, and Exports of Wheat for Canada, 1928-39

NOTE.—Wheat flour has been converted into bushels of wheat at the uniform average rate of  $4\frac{1}{2}$  bu. to the barrel of 196 lb. of flour.

Year	Production	Imports of Wheat and Flour <sup>1</sup>	Exports of Wheat and Flour <sup>1</sup>	Year	Production	Imports of Wheat and Flour <sup>1</sup>	Exports of Wheat and Flour <sup>1</sup>
	'000 bu.	bu.	bu.		'000 bu.	bu.	bu.
1928.....	566,726	1,345,881	407,564,186	1934.....	275,849	896,674	165,751,305
1929.....	304,520	1,374,726	186,267,210	1935.....	281,935	291,510	254,424,775
1930.....	420,672	244,220	258,637,886	1936.....	219,218	403,396	195,223,653
1931.....	321,325	216,328	207,029,555	1937.....	180,210	6,138,819	92,957,047
1932.....	443,061	173,014	264,304,327	1938.....	350,010	1,891,177	166,959,447
1933.....	281,892	413,165	194,779,875	1939.....	449,058 <sup>2</sup>		

<sup>1</sup> Imports and exports are for the years ended July 31, 1929 to 1939.

<sup>2</sup> Subject to revision.

<sup>3</sup> Not available at time of going to press.

Prior to 1905 the amount of wheat produced was less than 100 million bushels. For six years it remained steadily over this figure until 231 million bushels was reached in 1911. In only three of the next twenty years was wheat production less than 200 million bushels, viz., 1914, 1918, and 1919. At that time the abnormally high 1915 crop of 393 million bushels set a record for a number of years until 1922, when nearly 400 million bushels was produced. New high records were attained in 1923 (474 million bushels), in 1927 (480 million bushels), and in 1928 (567 million bushels). Except for the years 1930 and 1932 when production exceeded 400 million bushels, the years from 1929 to 1937 were marked by unfavourable climatic conditions and yields were correspondingly low.

Rust in 1935 caused serious damage, whereas in 1937 the worst drought ever experienced on the prairies reduced the crop to 180.2 million bushels,





HARVESTING IN  
WESTERN CANADA

*Courtesy, Edmonton Journal*



the smallest yield since 1914. The 1938 Canadian crop of 350 million bushels exceeded any in the past five years, because of greatly improved rainfall, and despite considerable grasshopper and rust damage in that year. The 1939 crop estimated at 478,965,000 bushels is approximately equal to the crop of 1927. Very generous rains and an absence of rust were experienced in the Prairies in the 1939 season.

**Other Grains.**—These grains consist of oats, barley, flaxseed, rye, buckwheat, peas, mixed grain, and corn. The first two have assumed real importance among the field crops of Canada. The volume of oat production has attained considerable dimensions, reaching the record total of close upon 564,000,000 bushels in 1923. The area under crop has expanded from 3,961,356 acres in 1890 to 13,009,700 acres in 1938, when the production was estimated at 371,382,000 bushels. Barley, with a production of 17,223,000 bushels in 1890, yielded a record total of 136,391,400 bushels in 1928, while the yield for 1938 is now estimated at 102,242,000 bushels. Rye production amounted to 1,341,000 bushels in 1890, increased to 32,373,400 bushels in 1922, and receded to 10,988,000 bushels in 1938.

### The Field Crops of Canada, 1938

Field Crop	Area	Total Yield <sup>1</sup>	Total Value	Field Crop	Area	Total Yield <sup>1</sup>	Total Value
	acres	bu.	\$		acres	cwt.	\$
Wheat.....	25,930,500	350,010,000	205,351,000	Potatoes.....	521,900	35,938,000	27,079,000
Oats.....	13,009,700	371,382,000	89,600,000	Turnips, mangolds, etc....	189,500	38,160,000	12,133,000
Barley.....	4,453,900	102,242,000	28,383,000			tons	
Rye.....	741,400	10,988,000	3,024,000	Hay and clover.....	8,819,800	13,798,000	95,993,000
Peas.....	80,200	1,365,000	2,113,000	ver.....	859,000	2,061,000	16,036,000
Beans.....	70,600	1,557,000	1,725,000	Alfalfa.....	460,200	4,412,800	12,422,000
Buckwheat.....	375,600	7,079,000	4,171,000	Fodder corn....	949,500	1,674,000	7,315,000
Mixed grains.....	1,159,500	39,161,000	15,126,000	Sugar beets....	47,900	527,000	3,124,000
Flaxseed.....	221,200	1,389,000	1,581,000				
Corn for husking.....	180,100	7,690,000	3,614,000				

<sup>1</sup>Yields of the most important crops, according to second estimates for 1939, as published on Nov. 10, 1939, are: wheat 478,965,000 bu.; oats 385,930,000 bu.; barley 103,226,000 bu.; mixed grains 44,350,000 bu.; potatoes 35,320,000 cwt.; turnips, mangolds, etc. 38,430,000 cwt.; hay and clover 14,330,000 tons.

Prices of field crops were at an unusually high level during the War and until 1919, then slumped steeply, falling to a low level in 1923. Recovery followed in the years up to 1930, when sharp declines commenced, bringing the prices of many crops to the lowest recorded levels. The value of the field crops of Canada, which in 1910 was \$384,514,000, had increased by 1914 to \$638,580,000. As the effects of the War came to be felt, the maximum was reached in 1919 with a total of \$1,537,170,000. This value receded to \$899,266,200 in 1923 but the recovery of prices combined with excellent harvests brought the value up to \$1,173,133,600 in 1927 and \$1,125,003,000 in 1928. Since then it declined to \$948,981,000 in 1929, \$662,040,000 in 1930 and \$432,199,400 in 1931. With the exception of 1935, there was a gradual gain in value until the 1936 season when it stood at the highest level since 1930. Comparative figures for the past six years are: 1933, \$453,958,000; 1934, \$549,079,600; 1935, \$511,873,000; 1936, \$612,300,400; 1937, \$556,220,000; and 1938, \$528,860,000.

Due to reduced yields of many field crops in 1937, and to reduced prices in 1938, the value of field-crop production declined during these two years in comparison with the 1936 level.

**The Canadian Grain Trade.**—The natural advantage which the Prairie Provinces enjoy in the production of high-quality grains is to some extent offset by the long distances which have to be covered to bring these products to seaboard outlets. Toward overcoming this handicap, an elaborate yet economical system of handling, storing, and transporting grain has been developed within the past half century. Included in this system are extensive inspection and grading facilities which ensure a high degree of uniformity in the quality of the various grades and thus perpetuate the reputation Canadian grains have achieved.

Unlike the handling systems of most countries, Canadian grain is handled in bulk, rather than in bags, and is sold abroad by export grades, rather than by sample. The bulk handling of grain has been facilitated by the system of country and terminal elevators which has grown with the increase in wheat production. In 1900-01, there were already in operation 518 country elevators with a total capacity of 12,759,352 bushels. By 1938-39 these had increased to 5,679 with a capacity of 189,707,100 bushels, although some of these elevators have not been operating during the recent years of light production.

From these country elevators the grain is moved by rail through any one of a number of inspection centres, such as Winnipeg, Calgary, or Edmonton, to the terminal elevators located at Fort William-Port Arthur or on the Pacific Coast. The number of licensed elevators at the Head of the Lakes has grown from 5 in 1900-01 with a capacity of 5,570,000 bushels to 31 with a capacity of 92,862,210 bushels in 1938-39. Pacific Coast terminal elevators are located at Vancouver, Victoria, New Westminster and Prince Rupert and have a capacity of 22,116,110 bushels. A new route to overseas ports has been developed through Churchill with the erection of a terminal elevator in 1931 having a capacity of 2,500,000 bushels. The movement of grain through the Head of the Lakes has always been the heaviest. Total receipts of wheat, oats, barley, rye, and flaxseed at Fort William-Port Arthur in 1938-39 were 226,194,518 bushels, compared with receipts at Pacific elevators of 53,436,643 bushels.

From the Head of the Lakes, grain is shipped by water to eastern elevators located on the Lower Lakes and along the St. Lawrence River. Lower Lake elevators supply grain for eastern consumption and for transshipment to the St. Lawrence. Grain also moves from the Head of the Lakes to United States lake ports for United States consumption, milling-in-bond, or shipment by canal or rail to Atlantic seaboard ports. In winter months, small amounts of grain are moved by rail from Georgian Bay and Lower Lake elevators to the ports of Saint John, West Saint John, N.B., and Halifax, N.S., which are open to navigation the year round. Within the past two years a few small ocean-going vessels have gone directly to the Head of the Lakes, and have cleared with grain cargoes for overseas ports.

Clearances of Canadian wheat in 1938-39 from Canadian and United States ports amounted to 129,088,530 bushels. United States imports for consumption and milling-in-bond during 1938-39 amounted to 10,226,550 bushels. The total export movement of Canadian wheat in 1938-39 amounted to 166,959,447 bushels, including wheat flour expressed as wheat. Exports of oats and oat products in 1938-39 amounted to 14,222,826 bushels.



Barley exports totalled 16,499,228 bushels, while rye exports amounted to 1,757,841 bushels. Flaxseed exports amounted to 14,280 bushels while, on the other hand, flaxseed imports into Canada totalled 878,115 bushels.

**The Flour-Milling Industry.**—This most important manufacture connected with the field crops dates back to the first settlement made by the French in 1605. The milling of flour on a large commercial scale began with the competition between the two processes, stone and roller milling. About 50 years ago, the roller process secured a virtual monopoly of the industry and local country mills gave way to large mills served by elevators at central points. The high quality of Canadian wheat soon became recognized throughout the world and Canada's huge export trade in wheat and its products developed rapidly. Statistics of the milling industry will be found in Chapter XV—Manufactures.

### Live Stock

The live-stock industry of Canada provides the means by which coarse grains and fodder crops are converted into income in the form of cash and products consumed in farm households. Probably the most important branch of the industry is that of cattle raising. In the production of beef cattle, the ranges of southwestern Saskatchewan, southern Alberta, and parts of British Columbia provide the foundation for the industry. In these areas, large-scale ranching is carried on, with the cattle moving out to feeding areas in other parts of Western Canada, to Ontario, and to the United States. Total numbers of cattle on farms have been declining since 1934, when they were 8,952,000 head. At June 1, 1939, there were 8,474,000 cattle on farms. While numbers on farms have been declining, cattle output has remained high, partly as a result of liquidation of stock because of drought. Severe feed shortages in 1934, 1935, and 1936 forced many farmers to reduce their herds. The drought period coincided with the downward swing in the cattle number cycle.



A Flock of Sheep at Lloydminster, Saskatchewan.

*Courtesy, Canadian National Railways*

The production of bacon hogs is now an important phase of Canada's live-stock industry. The hog industry depends chiefly upon supplies of feed grains, and to a lesser extent upon a provision of supplemental feeds such as skim milk and buttermilk. The greatest concentration of the hog industry is, therefore, found in central and southwestern Ontario, throughout the central and northern parts of Manitoba, across the park belt of Saskatchewan, and in the north central and central areas of Alberta. In late years the Prairie Provinces have become relatively more important as hog-producing regions. The loss of the export market for feed grains resulted in an increase in feeding of hogs to utilize the surplus grain supplies. One of the severe handicaps, however, is the great variability of feed production which causes severe liquidation of foundation stock. Numbers of hogs on farms declined sharply in 1937 and in the early part of 1938 due to the severe droughts in 1936 and 1937. With the return of larger grain production in 1938, hog production has since been increasing, with the greatest gains being made in the Prairie Provinces. At June 1, 1939, there were 4.3 million hogs on farms compared with 3.5 million at June 1, 1938. While increases were recorded in Ontario and Quebec, the greatest gains occurred in Saskatchewan and Alberta. As hog production has expanded in the Prairie Provinces, the packing companies have enlarged their facilities for slaughtering near the production areas.



A Group of Clydesdale Brood Mares.—Foundation mare on the right followed by three generations of her progeny showing improvement in size, type, and quality. Bred and developed by the Animal Husbandry Division, Central Experimental Farm, Ottawa.

The raising of sheep for production of mutton and wool is carried on both under general farm live-stock raising and as a specialized business in the sheep-ranching areas of southwestern Saskatchewan, southern Alberta, and parts of British Columbia. In recent years there has been a

tendency for the numbers of sheep on farms to remain fairly steady and at June 1, 1939 there were 3,366,000 on farms compared with 3,415,000 in 1938 and 3,340,000 in 1937.

The raising of horses for sale was at one time an important industry in the southern range areas of Saskatchewan and Alberta. With the increase in the use of mechanical power during recent years, the production of horses has declined considerably. At June 1, 1939, the number of horses on farms showed an increase for the first time in 17 years. Higher prices of horses resulting from a shortage of horses for farm work during recent years stimulated greater interest in production and reports indicate an increase in the numbers of horses for the years ahead.

**Marketings.**—Commercial marketings of cattle in 1938 amounted to 1,074,000 head, of which 756,000 head were sold through the stockyards, 259,000 head were sold direct to packing plants, and 59,000 head were sold direct for export. Total commercial marketings in 1937 were 1,381,000 cattle. The largest yards are located at Toronto and Winnipeg and over 70 p.c. of the cattle marketed through stockyards in 1937 were shipped to these two points. Movement of cattle to stockyards by truck has become increasingly important. In 1938, 50 p.c. of the cattle and 71 p.c. of the calves were transported to stockyards by truck. Calf marketings were 748,000 head as compared with 859,000 head in 1937.

Hog marketings in 1938 amounted to 3,240,000, compared with 3,926,000 head in 1937. The public stockyards handled 747,000 head. Of considerable interest in Canadian hog marketing is the trend toward carcass grading. The 1938 carcass gradings numbered 1,305,000 as compared with only 115,000 in 1935.

Total sheep and lamb marketings were reported at 759,000 head in 1938 and 798,000 head in 1937. About one-half the sheep and lambs are sold through the public stockyards.

The greater proportion of horses marketed are transferred from one farm to another and thus do not appear on the stockyard records. There has been a very considerable increase in recent years in the number of horses shipped eastward through the St. Boniface yards at Winnipeg.

**Slaughtering and Meat Packing.**—This is the most important manufacturing development connected with the live-stock industry. For statistics of slaughtering and meat packing, see Chapter XV. Exports of this industry are covered in Chapter XIII.

## Special Crops

A feature of Canadian agriculture is the number of special crops that are grown in localities particularly suited for their production. Some of the more important of these are tobacco, sugar beets, maple syrup and sugar, and vegetable crops.

Commercial production of tobacco is centred in Ontario and Quebec, with a few hundred acres of flue-cured tobacco in British Columbia. The major development in the industry has taken place during the years since 1926 and has been due almost entirely to the phenomenal increase in the production of flue-cured tobacco, particularly in Ontario. Total plantings of the flue-cured type showed an uninterrupted expansion from 7,570 acres with a production of 6,239,800 pounds in 1927 to 28,063 acres with produc-





The Production of Leaf Tobacco in Canada.—The commercial crop of leaf tobacco has increased from 37 million pounds in 1930 to 98 million pounds in 1938, when the largest crop in the history of the industry was harvested. The illustration, reading downward, shows: A tobacco field along the Yamaska River, Quebec; Connecticut Havana No. 38, a cigar variety; right centre—hanging flue-cured tobacco in kilns for curing; a typical scene in Ontario or Quebec during harvest—stringing leaves on the lath before placing them in the curing kiln.

*Courtesy, Tobacco Division, Central Experimental Farm, Ottawa*

tion totalling 27,847,000 pounds in 1932. Following the sharp break in prices in 1931 and 1932, when the average price of flue-cured dropped from 32.0 cents in 1930 to 16.4 cents in 1932, a system of voluntary acreage control was introduced in Ontario in 1933 and has been in effect since that date. Marketing of the crop is now controlled by the Flue-Cured Marketing Association of Ontario and, under the stimulus of a minimum price fixed annually by the Association, cultivation of this crop has expanded rapidly. The 1938 crop of flue-cured totalled 75,145,200 pounds from 63,130 acres, as compared with 55,374,000 pounds from 53,347 acres in 1937 and 24,596,500 pounds from 35,878 acres in 1936.

The total commercial tobacco crop of 1938 was estimated at 98,340,700 pounds with a gross farm value of \$19,106,800, as compared with 72,093,400 pounds valued at \$17,140,200 in 1937, the first year in which the value of the crop exceeded the previous record value of \$15,548,000 established in 1919. A preliminary estimate of the 1939 crop shows a total production of 95,000,000 pounds from 89,567 acres.

The home market for flue-cured leaf has shown the most rapid expansion in recent years. About 85 p.c. of raw leaf going into domestic consumption in 1938 was grown locally, as compared with only 54 p.c. in 1930. The increased use of domestic leaf has coincided with a drop in imports of foreign leaf from 17,400,000 pounds in 1930 to less than 5,000,000 in 1938.

Exports in commercial quantities began in 1920, reached a peak of 13,900,000 pounds in 1933 and totalled 16,341,000 pounds in 1938. The United Kingdom, which has always been the chief buyer, takes about 90 p.c. of the total leaf exports which are largely flue-cured.



An Apiary at Trenton, Ont.—The building in the background is the storage quarters.

*Courtesy, Ontario Department of Agriculture*

Quebec leads in the output of maple products. With production in 1938 at the highest point since 1929, and amounting to 3,300,700 gallons in terms of syrup, the value of sugar and syrup produced in all Canada was \$3,849,900, as compared with \$2,245,000 in 1937. The 1939 crop amounted to 2,592,200 gallons in terms of syrup, with a farm value of \$3,443,900.



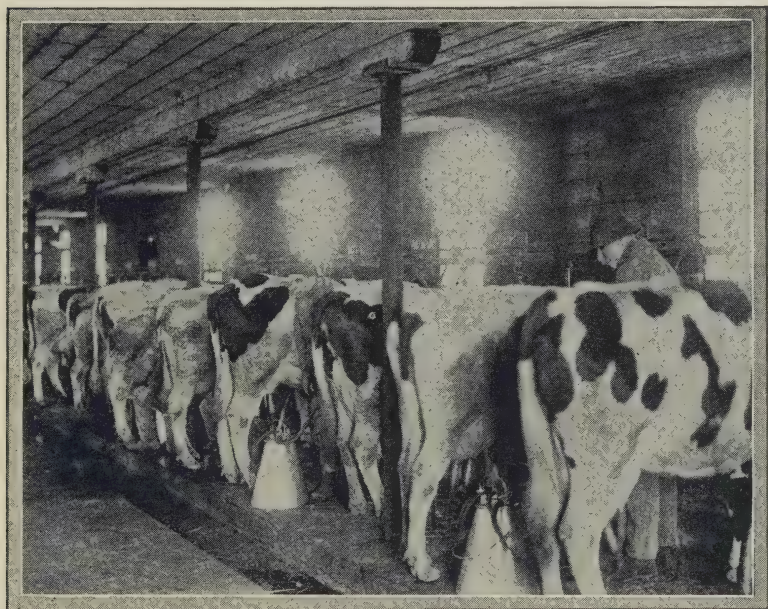
Sugar-beet production is centred in southwestern Ontario and near Raymond, Alta., although there are other areas sown to this crop in Quebec and Manitoba. In 1938, the latest year for which factory statistics are available, the output of refined beetroot sugar amounted to 143,013,847 pounds valued at \$6,001,380 as compared with 120,440,235 pounds valued at \$5,230,971 in 1937.

The growing of fresh vegetables for market is an important occupation in many parts of Canada, particularly in suburban areas. Truck farms located in specially-favoured regions provide raw materials for the vegetable-canning industry and cater to the demands of the fresh vegetable market. Other special crops of lesser importance are clover and grass seed, hops, and flax for fibre.

The production of honey is common to all provinces, with Ontario, Manitoba, and Quebec the leaders. The 1938 crop was the highest on record, being estimated at 37,268,700 pounds as compared with 23,196,600 pounds in 1937. The 1938 crop of honey and wax was valued at \$3,027,400.

### Dairying

Dairying has long occupied an important place in Canadian agriculture. It had its beginning in the pioneer days when dairy cattle were first imported into Canada by the Acadians and the early settlers of the St. Lawrence Valley. Black-and-white cattle numbered in thousands were reported in the fertile Annapolis Valley in 1715, although the subsequent



Milking by Machines on a Model Farm at Brandon, Manitoba.

*Courtesy, Canadian Government Motion Picture Bureau*



war and the expulsion of the Acadians caused the number to diminish for a time. Butter was made on farms by the settlers and what they did not require for their own use was bartered for clothing and groceries in the nearby towns and villages. Cheese was made in small quantities, but as early as 1764 a six-ton export shipment of cheese was made from Nova Scotia. As the country developed, the production of these products became specialized undertakings, and with the erection of creameries and cheese factories the dairy industry was rapidly expanded, giving it a position of leadership among revenue-producing farm enterprises. Between 1930 and 1932 revenues were sharply reduced, but the reductions were not as great as those of other farm products. In 1930 dairy products represented 18 p.c. of the total farm revenue, while wheat represented 17 p.c. Even with higher wheat prices during subsequent years, the value of dairy products in 1938 was nearly \$15,000,000 above that of the principal field crop.

**The Cheese and Butter Industries.**—Cheese production was the leading dairy factory industry in the late 'nineties and the early part of this century. In 1900 the production of cheese amounted to approximately 221,000,000 lb. as compared with 36,000,000 lb. of creamery butter. Fifteen years later (a year after the outbreak of the War of 1914-18) the creamery butter make had advanced to 83,991,000 lb. while the cheese output had fallen to 183,888,000 lb. The change from cheese making to butter making was gradual but continuous and by 1922 the creamery butter output overtook cheese production for the first time with an increase of 18.5 p.c. in the former and a decrease of 16.2 p.c. in the latter as compared with the output for the previous year. It held the lead until 1925 when the cheese industry again recovered first place. But recovery was temporary, for in 1926 the tide again turned in favour of butter production, and in 1927 a sharp drop in the cheese factory output from 172,000,000 lb. to 138,000,000 lb. gave butter a lead of nearly 39,000,000 lb. over its competitor. The cheese industry regained some lost ground in 1928 and again in 1932, but otherwise the decline was continuous; between 1925 and 1934 the factory cheese output fell from 177,000,000 lb. in the former year to 99,000,000 lb. in the latter, while that of butter increased from 169,000,000 lb. to 235,000,000 lb. In 1938, 1,344 creameries, 988 cheese factories, and 196 factories manufacturing both butter and cheese were operated in Canada. The output of these factories reached a total of 266,886,900 lb. of butter and 121,314,600 lb. of cheese, valued at \$66,080,700 and \$16,597,500, respectively. Due to higher butter prices in the winter and early spring of 1938, the annual production of creamery butter increased 8 p.c. over the 1937 make, while cheddar cheese production declined 7 p.c. A reverse development took place in 1939. During the first nine months of the year there was a decline of nearly 2,000,000 lb. in the creamery butter output and an increase of 4,000,000 lb. in the make of cheddar cheese as compared with the same period of 1938. The average summer price of 21½ cents for butter advanced with the outbreak of war, and in the month of September averaged 26¼ cents. Cheese prices also increased late in September averaging 12½ cents for the month compared with 11½ cents in the three summer months. The production of dairy butter has increased approximately 15,000,000 lb. in the past ten years and the 1938 production of

105,076,000 lb. represents 28·2 p.c. of the total butter output. Farm-made cheese, on the other hand, constitutes only 1 p.c. of the total cheese production.

After the War 1914-18 butter exports were relatively high amounting in 1925 to 26,600,000 lb., or 16 p.c. of the annual production, but, with the development of the home market, exports declined, and at times they have been reduced to quite insignificant quantities. In 1935, 7,700,000 lb. were exported from Canada; in 1936 exports were reduced to 5,100,000 lb., in 1937 to 4,100,000 lb., and during 1938 only 3,893,000 lb. were shipped from Canadian ports. The heavy stock holdings that accumulated as the result of high prices and a consequent increase in production in 1938 made it necessary to dispose of larger quantities than usual. Hence, the overseas movement during the first nine months of 1939 advanced to 11,786,000 lb., the highest since 1925 and represented 5·5 p.c. of the creamery butter production during that period. Nearly one-half of this total was shipped out of Canada during the period January to March.

In contrast to butter, cheese is mainly marketed abroad. In Ontario, where a large proportion of this product is manufactured, primary sales are made through local cheese boards, and after being inspected by Dominion Government inspectors the cheese is shipped to Great Britain and other countries by dealers in the larger distributing centres. At the turn of the century exports approximated 200,000,000 lb., and for the year ended June 30, 1904, 234,000,000 lb. As production declined exports also dropped to lower levels, and in 1935 amounted to only 55,700,000 lb. The 1938 exports were 81,000,000 lb., 66·7 p.c. of the total make for that year. During the first nine months of 1939 exports amounted to 50,600,000 lb., an increase of nearly 4 p.c. as compared with the same period of 1938. The 1938 exports represented 23·1 p.c. of the total cheese entering the British market where the Canadian product commands a price preference which places it next in rank to the finest English cheddar.

**Milk and Milk Products.**—Milk and cream for fluid consumption are generally sold by producers to distributors; the demand for pasteurized products has tended to bring this about, although in many of the smaller centres producers still deliver these products direct to householders. In the larger centres of population the distributors usually own plants where milk and cream is pasteurized, and butter, cheese, and other products are manufactured from the surplus. With the growth of urban centres, more and more milk is being used in the fluid form, a fact which has significance in connection with the decline in the cheese industry. It is estimated that, in 1938, 3,342,000,000 pints of milk (including cream) were consumed in Canada, representing a per capita consumption of 0·82 pints daily. Concentrated milk (included under "Miscellaneous Factory Products" in the following tables) is another branch of dairy manufacturing that has developed at the expense of cheese production. During the period 1933 to 1938 whole milk products increased 89·1 p.c. while milk by-products advanced 88·6 p.c. In 1938, 19·8 p.c. of the total output of all concentrated milk products amounting to approximately 161,000,000 lb. was shipped to British and Empire markets. Another important product in the miscellaneous group is ice cream. From 1933 to 1938 the total output for the Dominion has increased approximately 3,000,000 gal.

## Production of Dairy Products in Canada, by Provinces, 1938

Province	Butter		Cheese		Miscellaneous Factory Products	Milk Other- wise Used	All Products Expressed as Milk
	Creamery	Dairy	Factory	Farm- made			
	lb.	lb.	lb.	lb.	'000 lb.	'000 lb.	'000 lb.
P.E.I.....	2,500,500	1,559,000	449,400	300	628	47,890	148,587
N.S.....	6,716,400	6,520,000	Nil	30,000	14,787	175,914	500,902
N.B.....	4,519,100	6,554,000	539,500	5,000	3,720	150,962	420,002
Que.....	79,214,400	13,045,000	27,554,100	225,000	25,530	1,478,539	3,974,987
Ont.....	87,893,100	24,783,000	85,959,900	126,000	305,966	1,786,508	5,604,385
Man.....	25,703,700	10,710,000	3,344,200	165,000	9,785	344,298	1,245,833
Sask.....	23,524,300	23,305,000	421,000	210,000	6,284	509,928	1,619,552
Alta.....	31,239,300	15,600,000	2,451,800	250,000	19,506	516,048	1,662,322
B.C.....	5,576,100	3,000,000	594,700	90,000	59,510	235,721	503,666
Totals, 1938	266,886,900	105,076,000	121,314,600	1,101,300	445,716	5,245,808	15,770,236
1937	247,056,716	108,084,000	130,625,838	1,232,300	403,963	5,132,111	15,326,728

## Value of Dairy Products in Canada, by Provinces, 1938

Province	Butter		Cheese		Miscellaneous Factory Products	Milk Other- wise Used	All Products <sup>1</sup>
	Creamery	Dairy	Factory	Farm- made			
	\$	\$	\$	\$	\$	\$	\$
P.E.I.....	687,600	359,000	62,900	27	52,000	571,000	1,878,527
N.S.....	1,873,900	1,695,000	Nil	4,000	748,000	3,123,000	7,889,900
N.B.....	1,165,900	1,639,000	75,000	1,000	301,000	2,245,000	5,799,900
Que.....	19,407,500	2,740,000	3,719,800	31,000	2,634,000	24,889,000	55,702,300
Ont.....	23,028,000	5,328,000	11,776,500	16,000	16,021,000	30,199,000	89,153,500
Man.....	6,168,900	2,088,000	448,100	21,000	1,039,000	4,370,000	15,363,000
Sask.....	4,940,100	3,729,000	56,800	26,000	566,000	5,193,000	15,668,900
Alta.....	7,247,500	2,839,000	355,500	30,000	989,000	6,068,000	18,792,000
B.C.....	1,561,300	540,000	102,900	22,000	2,675,000	4,629,000	9,915,200
Totals, 1938	66,080,700	20,957,000	16,597,500	151,027	25,025,000	81,287,000	220,163,227
1937	64,217,332	22,622,000	17,965,123	174,027	22,743,780	78,087,000	215,623,262

<sup>1</sup> Includes the value of skim milk and buttermilk.

## Poultry and Eggs

Poultry farming has expanded considerably in the past ten years. The specialized production of eggs and poultry has shown the most noticeable development, but poultry is also being given a more important place in general farming. Selective breeding and the improvement in the quality of eggs and poultry are matters that have received more attention in recent years.

The population of hens and chickens at June 1, 1938, was estimated at 53,775,000. Turkeys numbered approximately 2,000,000, geese 807,000, and ducks 616,000. During the year 1938, the production of eggs amounted to 213,400,000 doz., valued at \$40,700,000 or 19 cents per dozen. The production per hen increased from 109 in 1935 to 111 in 1938. Exports of poultry in 1938 amounted to 3,512,800 lb. compared with 11,104,000 lb. in 1937. The shipments of eggs increased slightly, advancing from 1,602,000 doz. in 1937 to 1,843,000 doz. in 1938. During the first nine months of 1939, 703,000 doz. of eggs were exported from the Dominion as compared with 757,000 doz. in the January to September period of 1938. Egg consumption is comparatively high, amounting in 1938 to 20.83 doz. per capita. The consumption of poultry in the same year was 17.91 lb. per capita.



## Fruit Growing

Certain sections of Canada, by reason of favourable soil and climatic conditions, are particularly well suited to fruit growing. The Annapolis Valley of Nova Scotia, the Niagara Peninsula in Ontario, and the Okanagan Valley of British Columbia are world-famous centres of production. Experimental shipments of Nova Scotia apples were first made in 1861 but not until 20 years later did the trade develop into a successful commercial venture. Up to 1890, the annual production of apples in Nova Scotia rarely exceeded 100,000 barrels, but after that date there was a pronounced increase in acreage and in production which later reached 1,000,000 barrels in 1909 and 1,900,000 barrels in 1911. The all-time high record for commercial production was established by the crop of 1933 which reached the total of 2,762,700 barrels. The great bulk of the Nova Scotia crop is normally exported to Britain.



An Apple Orchard in Bloom,  
Okanagan Valley, British Columbia.  
*Inset: Loading Apples for Market.*

In Ontario, where the commercial production of all varieties of fruits has reached its highest development, apples have been grown from the middle of the 18th century but commercial orcharding has developed only during the past 60 or 70 years, following the improvement in transportation facilities. In addition to apples, practically all other temperate-zone fruits are grown in Ontario but the strawberry, peach, and grape are the most important from the revenue-producing standpoint. Some Ontario fruit is exported to British and continental European ports but most of it is marketed in the province and in other parts of Canada.

In British Columbia, commercial fruit growing is of comparatively recent origin, growth in production having been particularly rapid since 1910. The high point was reached in 1938 with a crop of 6,048,600 boxes of apples. Other tree fruits such as pears, plums and prunes, cherries, peaches and apricots are all grown in commercial quantities while all the berry crops are grown extensively in the province. The Prairie Provinces and Eastern Canada absorb a large part of the production while considerable quantities of apples are exported to British and foreign markets.

In New Brunswick and Quebec, fruit growing is increasing and fairly important. Apples and strawberries are the principal crops.

In 1938, the total value of commercial fruit production in Canada was \$19,319,900, including: apples, \$12,569,100; pears, \$688,100; plums and prunes, \$342,700; peaches, \$992,200; cherries, \$653,600; strawberries, \$1,996,300; raspberries, \$996,600; loganberries, \$143,300; and grapes, \$782,600.

*Marketings.*—Although much of the apple crop is consumed in Canada, the average of the exports for the years 1934-38 amounted to 46.1 p.c. of the crop. Of the 2,853,000 bbl. shipped out of the country during the 1938-39 season, 2,502,000 bbl. went to the United Kingdom and 140,000 bbl. were exported to Germany.

In addition to the heavy export shipments, the producing provinces sell considerable quantities of apples in Canada. The large consuming populations in Quebec and Ontario take much of the crop of these provinces by direct sales on farmers' markets and to dealer-truckers. In the cases of British Columbia, Nova Scotia, New Brunswick, and also Ontario, outlets in outside provinces have to be found. For this reason much of the crop is sold through co-operative agencies or through individual shippers. During the 1938-39 season, Nova Scotia shipped 147 cars; New Brunswick, 59 cars; Quebec, 1 car; Ontario, 497 cars; and British Columbia, 1,734 cars to consuming centres throughout the Dominion.

### Provincial Assistance to Agriculture

Each of the nine provinces, under Sect. 95 of the B.N.A. Act, has its Department of Agriculture, through which is carried on educational and extension work to assist farmers. Agricultural colleges maintained by the provinces are: the Nova Scotia Agricultural College at Truro, the Ontario Agricultural and the Ontario Veterinary Colleges at Guelph, and the Manitoba Agricultural College at Winnipeg. Three agricultural colleges in Quebec are assisted by the Provincial Government, while faculties of agriculture are found in the provincial universities of Saskatchewan, Alberta, and British Columbia.

## CHAPTER V

### THE FOREST WEALTH OF CANADA—LUMBERING— PULP AND PAPER

Among the industries engaged in utilizing the natural resources of Canada, forestry ranks third after agriculture and mining.

The forests of Canada supply so much more in the way of forest products than is consumed by the population that the exportable surplus is large and the imports relatively small. In the fiscal year 1939, the exports of wood and paper products exceeded the imports by \$182,950,126.

The total land area of Canada is 3,466,566 square miles. Of this about 1,944,956 square miles is either waste land, such as open muskeg, bare rock, barrens, etc., or land occupied by municipalities, factories, mines, roads, etc. The remainder is either forest or agricultural land. Some of this is fit only for forest production and some is unquestionably more valuable for field crops or pasture than for any other purpose. There is also a large area of border land which may be more valuable either for forest production or for agricultural purposes depending on its nature, its location, and many other variable conditions.

The potential agricultural area of Canada has been estimated at 450,000 square miles. This land is capable of supporting continuous, successful agriculture. It includes land at present cleared and used for field crops or pasture and land at present forested which will eventually be cleared for these purposes.

The potential forest area is estimated at 968,600 square miles consisting of land capable of producing valuable forest growth but not capable of economic agricultural use. Some of this, owing to ignorance of its possibilities, has been occupied by farms. It should be abandoned as farm land and devoted to forest growth.

In between these two classes are scattered farmer's woodlots with a total area of 103,000 square miles. Much of this land may be capable of producing field crops and pasture, but it is more valuable for the production of wood for farm use and will probably remain in a wooded state.

The area in Canada at present covered with forest growth is about 1,223,552 square miles, estimated to contain 273,650,000,000 cubic feet of wood, of which 81 p.c. is of coniferous species and 19 p.c. broad-leaved.

About 769,463 square miles of our existing forest area is at present productive and contains about 170,144,000,000 cubic feet of standing timber. The remaining 454,059 square miles is at present unproductive through inaccessibility or other causes and is estimated to contain 105,512,000,000 cubic feet. Much of this forest land will eventually become productive. The largest part of the productive area, about 66 p.c., is located in the eastern provinces, 22 p.c. is in the Prairie Provinces and the remaining 12 p.c. in British Columbia. The total volume of standing timber is distributed with 67 p.c. in the East, 15 p.c. in the Prairie Provinces, and 18 p.c. on the Pacific slope. The inaccessible area is divided more evenly, with 31 p.c. in the East, 31 on the prairies and 38 in the West.



During 1937 about 3,000,000,000 cubic feet of the standing timber was cut for use. About 564,000,000 cubic feet is destroyed annually by fire and another 700,000,000 feet by insects, fungi, windfall, and other agencies so that the inroads made in our forest capital in 1937 amounted to about 4,264,000,000 cubic feet.



Forest Fire Protection.—Portable pump and hose in action from a reserve water supply in a dry area, Snow Peak Avenue, Yoho National Park, British Columbia.

*Courtesy, National Parks Bureau of Canada*

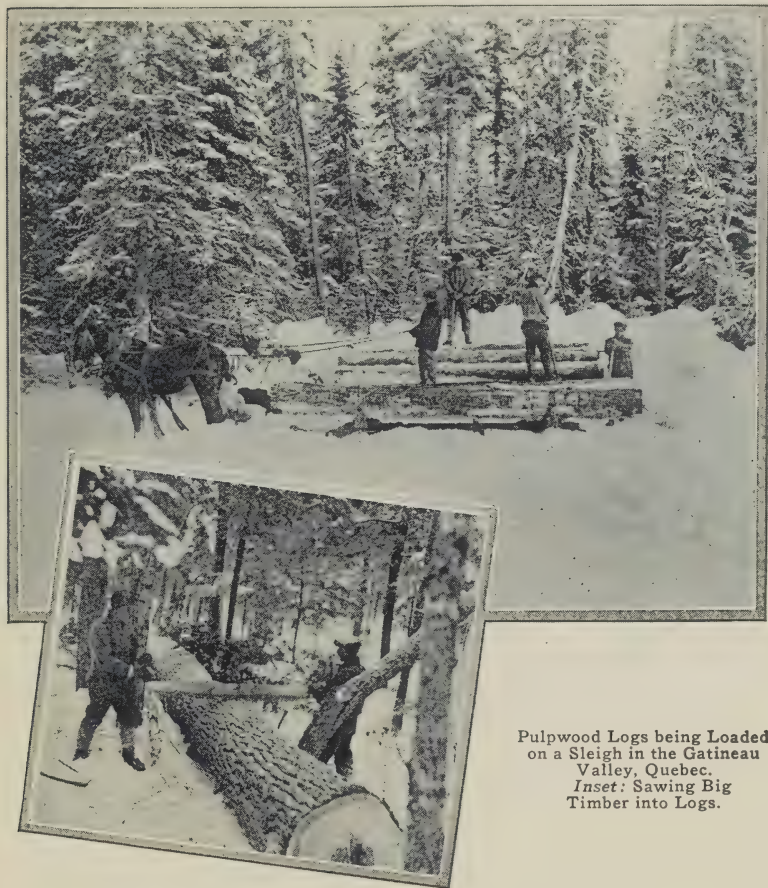
Forest resources, however, are capable of replacement under forest management and can be made self-sustaining. New trees can be grown to take the place of those cut or destroyed. Destruction can be reduced, growth can be encouraged and increased, and with an annual increment of only 10 cubic feet per acre—quite possible under forest management—this valuable resource can be maintained in perpetuity. It can be managed so as to supply all needs at the present rate of consumption even if the population were to increase to over 26 millions.

Over 160 different tree species grow to commercial sizes in Canada and while only 31 of these are conifers their wood forms 80 p.c. of the standing timber and 95 p.c. of the sawn lumber.

### Operations in the Woods

During 1937 the forests of Canada yielded \$163,000,000 worth of forest products. Logs and bolts were valued at \$58,000,000, pulpwood at \$63,000,000, firewood at \$32,000,000, hewn railway ties at \$3,100,000, poles at \$2,400,000, together with square timber, fencing materials, wood for distillation and the manufacture of charcoal, and many other valuable

forest products. The total value of these primary products increased in 1937 over the previous year with increases in all the principal items except hewn ties and fencing material. (See table on p. 72).



Pulpwood Logs being Loaded  
on a Sleigh in the Gatineau  
Valley, Quebec.  
*Inset: Sawing Big  
Timber into Logs.*

*Courtesy, Canadian Government Motion Picture Bureau.*

Logging operations in Canada are largely of a seasonal nature. The work is carried on by labour that is usually engaged at other seasons in some other gainful occupation. On this account it is practically impossible to estimate accurately the amount of labour provided by bush work. In most cases the work is done in the winter months when employment in other fields is at its lowest point so that lumbering has a valuable levelling effect on the employment situation. It also provides new settlers in bush country with their first cash crop of pulpwood logs, etc., removed in clearing the land. Where farming communities are in or near the forest, the camps, drives, and mills provide the farmer and his sons with work during the slack season on the farm. This, together with the ready sale

of farm products to the lumber companies, has always been of great assistance to the farmer establishing himself in a pioneering region.

The following table gives the total value of the products of operations in the woods from 1933 to 1937.

### Value of the Products of Woods Operations, by Products, 1933-37

Product	1933	1934	1935	1936	1937
	\$	\$	\$	\$	\$
Logs and bolts.....	23,158,381	29,115,515	34,077,938	44,827,957	58,004,070
Pulpwood.....	31,141,104	38,302,807	41,195,871	48,680,200	63,057,205
Firewood.....	33,213,973	31,489,524	31,864,500	32,167,410	32,457,629
Hewn railway ties.....	1,370,750	1,541,901	3,188,651	3,190,052	3,129,207
Poles.....	963,951	1,091,046	1,359,736	1,563,681	2,455,345
Round mining timber.....	841,982	954,059	997,357	1,102,255	1,262,658
Fence posts.....	969,291	988,884	976,402	1,008,178	992,610
Wood for distillation.....	342,107	286,847	274,797	274,077	309,892
Fence rails.....	215,521	262,519	266,253	273,282	262,160
Miscellaneous products.....	1,556,082	1,506,630	1,260,274	1,717,136	1,319,111
<b>Totals.....</b>	<b>93,773,142</b>	<b>105,539,732</b>	<b>115,461,779</b>	<b>134,804,228</b>	<b>163,249,887</b>

### The Lumber Industry

Except in the Maritime Provinces, 90 p.c. of the forest land is still the property of the Crown, the lumbermen having been granted cutting rights only. This land is administered by the various provincial departments.

Canada's sawmills produced, in 1937, 4,005,601 M feet board measure of sawn lumber, valued at \$82,776,822. The greater part of this lumber is coniferous softwood, as the supply of the more valuable hardwoods such as hickory, oak, and walnut (once plentiful in southern Ontario and Quebec) has been almost exhausted. The mills also produced 3,048,395 thousand shingles, valued at \$7,631,691, 392,922 thousand lath, valued at \$1,231,965, as well as numerous other products, bringing the total value of the products of the industry up to \$104,849,785, an increase of 30.5 p.c. over the value of production for the previous year.

### Production of Sawn Lumber and All Sawmill Products, 1937

Province	Sawn Lumber Production		Total Sawmill Products
	M ft. b.m.	\$	\$
Prince Edward Island.....	6,312	118,405	152,818
Nova Scotia.....	178,160	2,833,055	3,238,037
New Brunswick.....	306,823	6,331,308	7,585,133
Quebec.....	700,530	14,661,735	18,800,636
Ontario.....	539,828	14,353,214	17,644,737
Manitoba.....	58,114	1,124,589	1,284,939
Saskatchewan.....	41,739	747,735	781,417
Alberta.....	101,420	1,478,214	1,714,467
British Columbia.....	2,072,675	41,128,567	53,647,601
<b>Totals.....</b>	<b>4,005,601</b>	<b>82,776,822</b>	<b>104,849,785</b>

British Columbia produced 50 p.c. of the total value of sawn lumber and sawmill products, Quebec 18 p.c., Ontario 17 p.c., followed by New Brunswick, Nova Scotia, Alberta, Manitoba, Saskatchewan, and Prince Edward Island in the order named.



Markets for Canadian lumber now include practically all the more important countries of the world. Canadian wood enjoys a preference in the British market and the value of Canada's exports of unmanufactured or partially manufactured wood to Great Britain has increased from \$4,848,157 in the calendar year 1932 to \$22,669,304 in 1938. Canadian timbers are well regarded in that market.



Hauling Timber in Winter to the Sawmill near Wolf Creek, Alberta.

*Courtesy, International Harvester Company of Canada Limited*

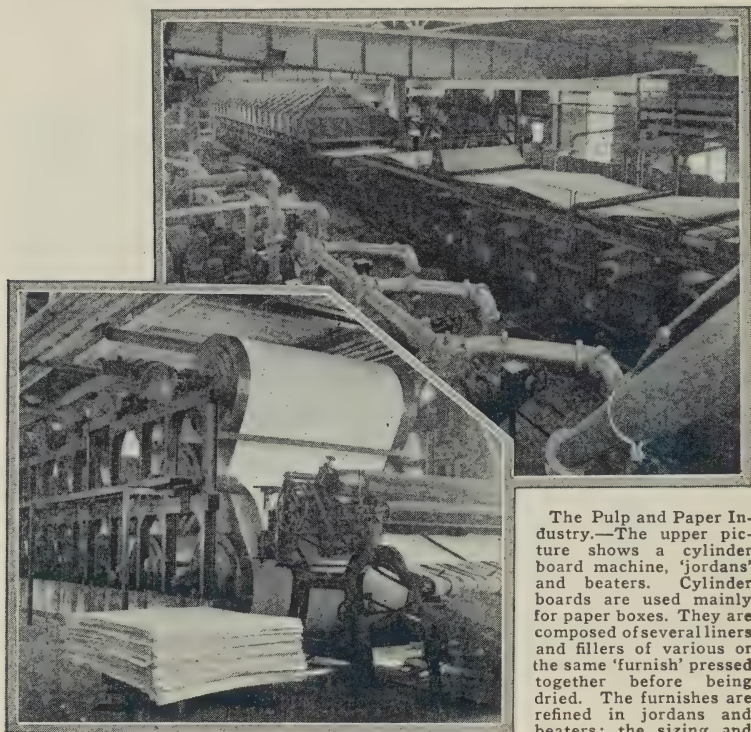
## The Pulp and Paper Industry

The pulp and paper industry ranks first among Canadian manufacturing industries in capital, employment, wage and salary distribution, and net value of production. It is second to the non-ferrous smelting and refining group with respect to gross production.

The manufacture of paper was a relatively unimportant industry in Canada until the last two decades of the past century when wood-pulp superseded rags as a raw material. Canada's extensive pulpwood resources and her dependable and widely-distributed water powers have been largely responsible for the remarkable development of the industry.

The pulp and paper industry has headed the lists in net value of production since 1920, and in wage and salary distribution since 1922, replacing the sawmills in both cases. It was first in gross value of production from 1925, when it replaced the flour mills, until 1935, when it was overtaken by the non-ferrous metal group. In these comparisons only the manufacturing stages of the pulp and paper industry are considered.

no allowance being made for the capital invested, employment furnished, payroll, or production of those operations in the woods which form such an essential part of the industry as a whole.



The Pulp and Paper Industry.—The upper picture shows a cylinder board machine, 'jordans' and beaters. Cylinder boards are used mainly for paper boxes. They are composed of several liners and fillers of various or the same 'furnish' pressed together before being dried. The furnishes are refined in jordans and beaters; the sizing and dyeing are also done in

the latter. Below is a sulphite pulp-dryer. This machine prepares the pulp for shipment to converters.

*Courtesy, Pulp and Paper Magazine, Gardenvale, Que.*

The gross value of output of the industry increased rapidly and steadily until the boom years following the War of 1914-18 when it jumped to a peak of over \$232,000,000 in 1920. This was followed, in 1921, by a drop which was general throughout the industrial field. From that year on there was a steady recovery resulting in a total for 1929 of \$243,970,761 followed by successive decreases to \$123,415,492 in 1933. The large decreases of these four years were due to both lower price levels and diminished production; however, for 1933, production was substantially greater than for the previous year although the total value was nearly 10 p.c. less. In 1934, 1935, 1936, and 1937 quantity and value production both increased. In 1938 the gross value of production decreased by 18.7 p.c. to a total of \$183,897,503, as shown in the following statement:—

	Gross Production	Net Production		Gross Production	Net Production
1933 . . . . .	\$123,415,492	\$ 56,880,641	1936 . . . . .	\$183,632,995	\$ 85,739,406
1934 . . . . .	152,647,756	77,243,309	1937 . . . . .	226,244,711	106,002,017
1935 . . . . .	159,325,546	78,647,626	1938 . . . . .	183,897,503	89,034,186

There are three classes of mills in the industry. These, in 1938, comprised 27 mills making pulp only, 48 combined pulp and paper mills, and 24 mills making paper only.

In 1938 the 75 mills making pulp produced 3,667,789 tons valued at \$87,897,148, representing a decrease of 28.7 p.c. in quantity and a decrease of 24.7 p.c. in value from 1937; about 81 p.c. by quantity was made in combined mills and used by them in papermaking. About 4 p.c. was made for sale in Canada and 15 p.c. was made for export.

Of the total pulp production in Canada in 1938, 67 p.c. was ground wood, 16 p.c. unbleached sulphite, 8 p.c. bleached sulphite, 6 p.c. sulphate, and the remaining 3 p.c. screenings, etc.

The total production of paper in 1938 was 3,249,358 tons, which was valued at \$151,650,065. Newsprint and similar paper made up 2,668,913 tons, or 82 p.c. of the total, valued at \$107,051,202; paper boards made up 11 p.c.; wrapping paper 3 p.c.; book and writing paper 2 p.c.; and tissue and miscellaneous papers the remainder.

Many Canadian pulp and paper mills not only manufacture basic paper and paper-board stock but also convert this stock into more highly manufactured products such as napkins, towels, packaged toilet papers, coated and treated papers, boxes, envelopes, stationery, and other cut paper and boards. Figures covering this conversion are not included here.

### Production of Newsprint and Other Paper in Canada, 1929-38

Year	Newsprint Paper		Total Paper	
	Quantity	Value	Quantity	Value
	tons	\$	tons	\$
1929.....	2,725,331	150,800,157	3,197,149	192,989,252
1930.....	2,497,952	136,181,883	2,926,787	173,305,874
1931.....	2,227,052	114,419,637	2,611,225	146,629,889
1932.....	1,919,205	85,539,852	2,290,767	113,873,123
1933.....	2,021,965	66,959,501	2,419,420	96,689,875
1934.....	2,604,973	86,811,460	3,069,516	120,892,225
1935.....	2,765,444	91,762,201	3,280,896	129,078,386
1936.....	3,225,386	105,214,533	3,807,329	146,431,934
1937.....	3,673,886	126,424,303	4,345,361	175,885,423
1938.....	2,668,913	107,051,202	3,249,358	151,650,065

The Canadian production of paper is still almost four times that of 1917, in spite of the decreases in 1921, 1930, 1931, 1932, and 1938. Practically all the different kinds of paper used in Canada at the present time can be produced in Canadian mills.

Canada's newsprint production in 1938 was nearly three times that of the United States, a few years ago the world's chief producer.

The latest monthly figures of Canadian newsprint production are:—

1939—	tons	1939—	tons	1939—	tons
January.....	208,382	May.....	250,015	September.....	253,230
February.....	209,631	June.....	240,545	October.....	280,985
March.....	220,648	July.....	227,630	November.....	—
April.....	220,843	August.....	236,975	December.....	—



## CHAPTER VI

### MINES AND MINERALS

**Historical.**—Canada is one of the outstanding mineral-producing countries of the world. The products of her mines are many and varied and the gradual increase in output over a long period of time corresponds closely with the general development of the country and with the gain in scientific knowledge in the treatment of complex ores.



Hollinger, the Pioneer Mine of the Porcupine Gold Camp of Northern Ontario.— One of the world's great gold mines, discovered in 1909, this gold-quartz property entered commercial production in 1912, and up to the end of 1938 has produced a total of 11,249,308 fine ounces of gold and 2,179,249 fine ounces of silver.

*Courtesy, Department of Mines and Resources, Ottawa*

In early days mining was confined to bare necessities. Coal was mined in Nova Scotia as early as 1720 in order to secure a supply of fuel for the men who came from France to lay the foundations of the fortress of Louisburg. Iron ore was mined in Quebec and the iron was made into sugar- and soap-kettles, and tools of various kinds. The mining of gold and silver and its recovery from ores was at that time too advanced a science for those men whose minds were bent on the settlement of the land and on the taking of furs. But gold in the streams was there for the taking. The first great gold rush in Canada followed the discovery of the metal on the Fraser River in British Columbia in 1857, and in the rich gravels of the creeks and rivers of the Cariboo district in the same province. Some years later (1889) the discovery of the rich copper-gold deposits of the Rossland camp, and further finds along the International Boundary introduced in a large way hard-rock mining in southern British Columbia. The famous silver-lead-zinc mines in east and west Kootenay,

several of which are still in operation, including the famous Sullivan mine situated at Kimberley, B.C., placed Canada on the map as a source of lead and zinc. Indeed, Sullivan mine to-day contributes over 98 p.c. of the lead production of Canada, 36 p.c. of the silver, and 80 p.c. of the zinc.

The discovery of gold in the Yukon Territory in 1896 caused a rush of prospectors and miners to that part of the country, and, during the decade following 1898, \$120,000,000 in gold was taken out. As is the case with all placer mining, output gradually fell off, but to-day the gold dredge is working its way successfully in the same district through ground that could not be touched by the individual miner.

**The Modern Period—Metallies.**—While British Columbia and Yukon may have held the spotlight in mining before the turn of the century, the discovery of the rich silver-ore deposits at Cobalt in 1903, along with the opening up of the Sudbury nickel mines, which had been located in 1883 when the C.P.R. was under construction, resulted in Ontario assuming an important place among the mineral-producing provinces of Canada, though sporadic attempts had been made in the earlier years to produce gold, silver, and copper. Since that time there has been built up in Ontario a vast mining, smelting, and refining industry.

The discovery of the silver camps at Gowganda and South Lorrain followed, and Ontario became the leading silver-producing province as well as the main source of the world's cobalt—a position she retained for many years. Ontario's prospectors worked far afield and soon discovered other valuable ores. This time it was gold. Larder Lake was found in 1906, but the gold was too low grade and after several years of difficult operation the camp was closed down. Larder Lake camp has assumed new importance (since the price of gold has been raised to \$35 an ounce). Porcupine camp was found in 1909 and it still holds the premier position among the gold-producing areas of the country. Kirkland Lake, discovered two years later, has an output second only to Porcupine. These two camps produced nearly half of the total output of gold in 1938.

Other gold mines discovered in Ontario are now operating in Long Lac, Red Lake, and Patricia areas. Prosperous towns have grown around these mines and the large payroll stimulates agricultural and manufacturing production in all parts of the province.

Prospecting fell to a low ebb during the War of 1914-18, but in 1921 the famous northwestern Quebec copper-gold areas were opened up with the discovery of the Noranda. This wonderful mine is not only one of Canada's principal copper producers but also is the third largest gold producer in the country.

The Prairie Provinces, long thought of as being valuable only as grain-growing areas, have also become prominent as a source of minerals. In 1915 the Flin Flon copper-gold-zinc mine, situated on the Manitoba-Saskatchewan boundary, was discovered. The ore was complex and hard to treat and it was several years before this large deposit was brought to successful production but to-day a large mine, smelter, and zinc refinery add annually to Canada's wealth.

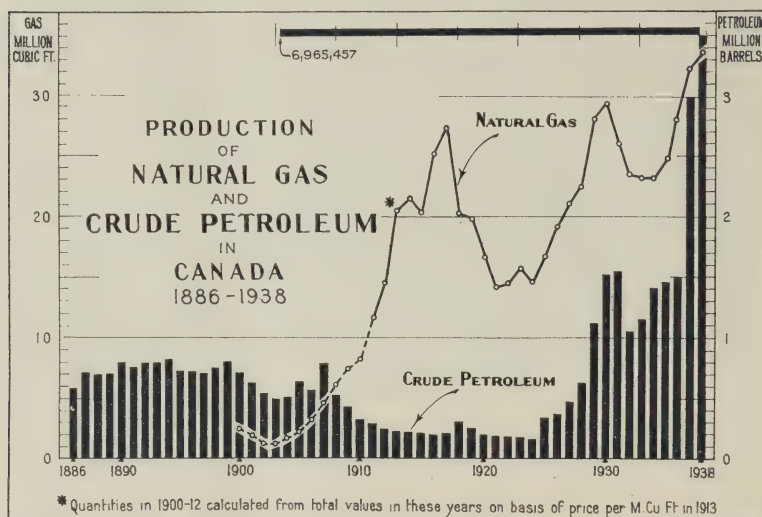
During the past two years several gold mines have come into production in the Northwest Territories and in Lake Athabaska in northern Saskatchewan. One of the most recent developments is in the Zeballos camp, on the west coast of Vancouver Island. The veins in this latter

area appear to be very rich and success for some of the properties was assured with a minimum of expenditure.

The discovery of pitchblende in 1936 by Gilbert Labine at Great Bear Lake in the Northwest Territories placed Canada on the map as one of the world's important sources of radium. The ore is brought to Port Hope, Ont., for the recovery of radium and uranium salts.

Among the countries of the world, Canada is to-day first in the production of nickel and platinum metals, third in gold and copper, and fourth in lead and zinc.

**Fuels.**—Canada is in a somewhat anomalous position with regard to coal. She has large supplies of bituminous coal in the Maritimes, on the prairies, and on the Pacific Coast, but in the Provinces of Quebec and Ontario, where the population is most dense, no coal is mined.



She must therefore either bring her coal to these "acute fuel areas" from the United States or, if from Canadian mines, with the assistance of the Dominion Government by means of subventions. Canada's anthracite requirements are supplied by the United States, Great Britain, and other European sources, and some comes from as far away as French Indo-China. Western Canada's petroleum and natural gas industry is dealt with in detail in the special article on pp. 16 to 25. Production from the Turner Valley and other Alberta fields has risen from 1,312,368 bbl. in 1936 to 6,751,312 bbl. in 1938. Some production is also derived from the Stoney Creek field in New Brunswick and from southwestern Ontario. The New Brunswick gas supplies Moncton and Hillsborough and Ontario's gas serves over 119,000 industrial and domestic users.

**Other Non-Metallics.**—Canada produces a great variety of non-metallic minerals of economic value. The principal non-metallic is asbestos. Indeed, Canada leads the world in the output of this mineral. Approximately all of the output comes from the Eastern Townships of Quebec,





Asbestos Veins in Rock Face of an Asbestos Mine  
in the Eastern Townships of Quebec.

*Courtesy, Department of Mines and Resources, Ottawa*

though during the past year development work has been undertaken on a property in Ontario which should shortly be in the production class. The fibre of this mineral is of good quality and well adapted for spinning. Production in 1938 totalled 289,793 tons with a value of \$12,890,195.

Next in importance is common salt. The greater part of the Canadian production of salt comes from wells located in southwestern Ontario.

There is a salt mine at Malagash, Nova Scotia, and production from this property is increasing. The first production of commercial importance in Manitoba was recorded in 1932, and for Saskatchewan in 1933. Some shipments have also been

made from deposits near McMurray in Alberta. Between 40 and 50 p.c. of the Canadian salt production is used in the form of brine in chemical industries for the manufacture of caustic soda, liquid chlorine, soda ash, and other chemicals.

Third in importance among the Canadian non-metallics is gypsum, and output in 1938 was valued at \$1,502,265. Many large deposits of gypsum occur throughout Canada, but production is chiefly from Hants, Inverness, and Victoria Counties, N.S.; Hillsborough, N.B.; Paris, Ont.; Gypsumville and Amaranth, Man.; and Falkland, B.C. Nearly 50 p.c. of Canada's production is exported in the crude form from Nova Scotia deposits, though a substantial trade has been built up in Canada from the manufacture of plaster of paris, gypsum wallboard, acoustical materials, and insulating products. Other important non-metallic minerals produced in Canada are listed in the table on p. 81.

**Clay Products and Other Structural Materials.**—Canada has long been a producer of brick and tile, cement, lime, stone, and sand and gravel. Production in 1938 totalled approximately \$34,000,000. As only a small part of these items is exported, the value of output is an excellent barometer of, or guide to, conditions in the construction industry.

**Production During the First Six Months of 1939.**—Canada's mineral production during the first six months of 1939 aggregated \$217,728,702, an increase of 4.3 p.c. over the corresponding period of 1938 when the total reached \$208,779,921.

Continued expansion in the gold-mining industry was largely responsible for the increase. Several of the base metals and non-metallic minerals were produced in smaller volume than during the first six months of 1938 and prices for lead and zinc were slightly under those of last year; copper prices averaged higher.

Metals as a group were valued at \$164,959,577 compared with \$157,124,764 during the first half of 1938, an increase of 5 p.c.; fuels, including coal, natural gas, and crude petroleum totalled \$32,663,723 as against \$31,985,676, an increase of 2 p.c.; non-metallic minerals rose 6.7 p.c. to \$9,525,977 from \$8,925,393, and the structural materials group decreased 1.5 p.c. to \$10,579,425 from \$10,744,088.

*Metals.*—Among the metals, gold advanced to 2,492,572 fine ounces as compared with 2,219,309 fine ounces during the first six months of 1938. Output of lead, zinc, and copper was less, and nickel showed a slight gain. Metals of the platinum group totalled 165,403 fine ounces valued at \$4,901,548 compared with 130,077 fine ounces worth \$3,978,828.

*Non-Metals.*—Coal production during the period totalled 6,808,422 tons as compared with 6,907,209 tons. Production from New Brunswick and Saskatchewan mines showed an increase, but output from coal mines in other provinces was less. Natural gas production during the first six months of 1939 increased 7 p.c. over the same period a year ago. Production of crude petroleum gained 16 p.c. Increased output from the Turner Valley field of Alberta was responsible for the sharp advance.

Among the non-metals other than fuels, asbestos production showed a substantial increase over the first six months in 1938. Gypsum output was slightly less in quantity and value. Salt, including salt in brine, decreased from 197,240 tons to 181,519 tons. Improvement in several of the other non-metallic minerals was noted.

The value of structural materials was estimated at \$10,579,425 for the half of the year, a decrease of 1.5 p.c.

### Mineral Production of Canada, by Provinces, 1936, 1937, and 1938

Province or Territory	1936		1937		1938	
	Value	P.C. of Total	Value	P.C. of Total	Value	P.C. of Total
	\$		\$		\$	
Nova Scotia.....	26,672,278	7.4	30,314,188	6.6	26,253,645	5.9
New Brunswick.....	2,587,891	0.7	2,763,643	0.6	3,802,565	0.9
Quebec.....	49,736,919	13.8	65,160,215	14.3	68,965,594	15.6
Ontario.....	184,532,892	51.0	230,042,517	50.3	219,801,994	49.7
Manitoba.....	11,315,527	3.1	15,751,645	3.4	17,173,002	3.9
Saskatchewan.....	6,970,397	1.9	10,271,463	2.2	7,782,847	1.8
Alberta.....	23,305,726	6.4	25,597,117	5.6	28,966,272	6.6
British Columbia.....	54,407,036	15.0	73,555,798	16.1	64,549,130	14.6
Yukon.....	2,220,372		3,784,528		3,959,570	
Northwest Terri- tories <sup>1</sup> .....	170,334	0.7	117,978	0.9	568,618	1.0
<b>Totals<sup>1</sup>.....</b>	<b>361,919,372</b>	<b>100.0</b>	<b>457,359,092</b>	<b>100.0</b>	<b>441,823,237</b>	<b>100.0</b>

<sup>1</sup> Production of radium-bearing ores not included. Figures not available for publication.

# MINERAL PRODUCTION, 1938 AND 1939 81

## Mineral Production, Calendar Year 1938, and Official Estimate January to June, 1939

Item	1938		Six months January to June, 1939	
	Quantity	Value	Quantity	Value
<b>METALLICS</b>				
		\$		\$
Gold..... fine oz.	4,725,117	97,676,834	2,492,572	51,526,034
Estimated exchange on gold produced	—	68,529,156	—	36,120,275
Silver..... fine oz.	22,219,195	9,660,239	10,586,950	4,531,426
Nickel..... lb.	210,572,738	53,914,494	110,465,309	27,748,574
Copper..... "	571,249,664	56,554,034	286,242,241	28,404,985
Lead..... "	418,927,660	14,008,941	185,755,363	5,619,100
Zinc..... "	381,506,588	11,723,698	178,752,177	5,110,525
Platinum metals..... fine oz.	292,219	8,874,136	165,403	4,901,548
Other metals.....	—	2,133,622	—	997,110
Totals <sup>1</sup> .....	—	323,075,154	—	164,959,577
<b>NON-METALLICS</b>				
<i>Fuels</i>				
Coal..... ton	14,294,718	43,982,171	6,808,422	20,905,548
Natural gas..... M cu.ft.	33,444,791	11,587,450	19,333,196	7,029,490
Petroleum, crude..... bbl.	6,966,084	9,230,173	3,370,425	4,728,685
Peat..... ton	620	3,500	—	—
Totals.....	—	64,803,294	—	32,663,723
<i>Other Non-Metallics</i>				
Asbestos..... ton	289,793	12,890,195	144,582	6,049,652
Feldspar..... "	14,058	129,293	4,477	42,716
Gypsum..... "	1,008,799	1,502,265	310,434	553,552
Magnesitic dolomite..... ton	—	420,261	—	152,680
Quartz <sup>2</sup> ..... ton	1,380,011	961,617	756,579	455,903
Salt..... "	440,045	1,912,913	181,519	989,713
Sodium sulphate..... "	63,009	553,307	36,222	336,882
Sulphur <sup>3</sup> ..... "	112,395	1,044,817	71,747	652,070
Talc and soapstone.....	10,853	144,848	5,355	66,715
Other non-metallics.....	—	506,607	—	226,094
Totals.....	—	20,066,123	—	9,525,977
<b>CLAY PRODUCTS AND OTHER STRUCTURAL MATERIALS</b>				
Clay products (brick, tile, sewer pipe, pottery, etc.).....	—	4,536,084	—	1,589,425
Cement..... bbl.	5,519,102	8,241,350	1,995,618	2,980,000
Lime..... ton	486,922	3,542,652	234,365	1,710,000
Stone, sand, gravel, and slate.....	37,339,904	17,558,580	—	4,300,000 <sup>4</sup>
Totals.....	—	33,878,666	—	10,579,425 <sup>4</sup>
<b>Grand Totals<sup>1</sup>.....</b>	<b>—</b>	<b>441,823,237</b>	<b>—</b>	<b>217,728,702</b>

<sup>1</sup> Production of radium-bearing ores not included. Figures not available for publication.  
<sup>2</sup> Includes silica sand used for smelter flux. <sup>3</sup> In sulphuric acid made and in pyrites shipped.  
<sup>4</sup> Estimated.

**Nine-Month Production of Principal Metals.**—Gold production has continued its upward trend. Output during the first nine months totalled 3,803,203 fine ounces compared with 3,464,698 fine ounces during the corresponding period of 1938.

Copper production at 451,410,179 pounds marked an increase of 5 p.c. over the first nine months of 1938. Prices during the third quarter of the year were slightly higher than the average for the first six months. Nickel production at 170,361,711 pounds during the same period increased 6 p.c. Lead output at 283,981,561 pounds decreased by 11 p.c. and zinc at 301,930,559 pounds was 5 p.c. higher.

Silver production was higher than during the same period of 1938; the totals were 17,637,398 fine ounces and 17,071,815 fine ounces, respectively.



## CHAPTER VII

### THE FISHERIES OF CANADA

Fishing is one of the earliest and most historic industries in Canada. In 1497 John Cabot discovered the cod banks of Newfoundland when he first sighted the mainland of North America, and Fernandez de Navarette mentioned in his records the French, the Spaniards and the Portuguese as frequenters of the "Grand Banks" before 1502. Cape Breton, one of the earliest place names in America, took its name from early French fishermen. The fishing then was by hand lines over barrels attached to the bulwarks to prevent fouling, the vessels remaining during fine weather and then returning to France with their catches. Voyages along the coasts soon showed the cod as plentiful inshore as on the outer banks and it



Hoisting Dories  
on a Fishing  
Schooner after a  
Day's Fishing on  
One of Canada's  
Atlantic "Banks",  
200 Miles from  
Halifax.

Dorymen Fishing  
for Cod and  
Haddock in the  
North Atlantic,  
Several Hundred  
Miles off Nova  
Scotia.—The dory-  
men are fishermen  
from Nova Scotia  
"bank" schooners.  
A number of dories  
are carried by each  
fishing schooner.



*Courtesy, Department of Fisheries, Ottawa*

became common for a crew to anchor in a bay, erect a hut on shore and make daily excursions to the fishing grounds, the product being salted and dried on land and at the end of the season shipped to France. Soon the fishermen began to remain all winter and thus permanent fishing settlements were established. Until the arrival of the United Empire Loyalists, the cod fishery was the only one systematically prosecuted, and attention had

been given to the shore fishery alone. No deep-sea fishing vessel put out from Lunenburg (now the chief centre of the deep-sea fishery) until 1873.

Canada has perhaps the largest fishing grounds in the world. On the Atlantic, from Grand Manan to Labrador, the coast line, not including the lesser bays and indentations, measures over 5,000 miles. The Bay of Fundy, 8,000 square miles in extent, the Gulf of St. Lawrence, fully ten times that size, and other ocean waters comprise not less than 200,000 square miles or over four-fifths of the area of the fishing grounds of the North Atlantic. In addition there are on the Atlantic seaboard 15,000 square miles of inshore waters controlled entirely by the Dominion. The Pacific Coast of the Dominion measures 7,180 miles in length. Inland lakes contain more than half of the fresh water on the planet; Canada's share of the Great Lakes alone has an area of over 34,000 square miles.

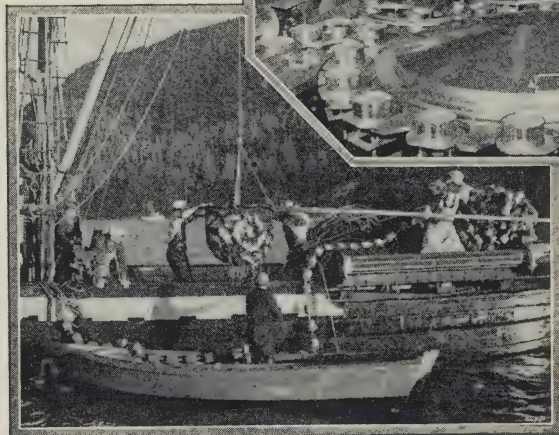
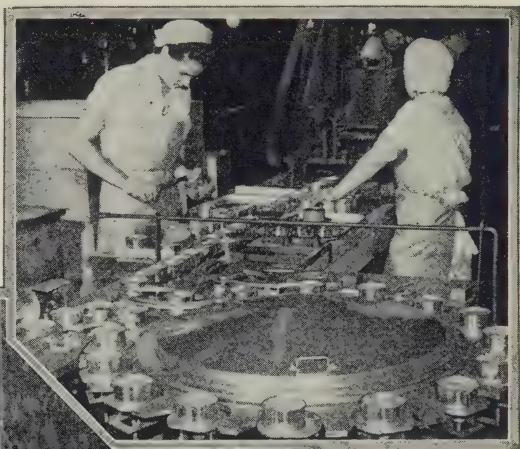
Canada's list of food fishes embraces nearly 60 different kinds, chief among which are the salmon, the lobster, the cod, the herring, the halibut, the whitefish, the haddock, the trout, and the pickerel.

### **The Government and the Fisheries**

At the present time the Dominion Government controls the tidal fisheries of the Maritime Provinces and British Columbia and the fisheries of the Magdalen Islands in Quebec Province. The non-tidal fisheries of the Maritime Provinces, Ontario, and the Prairie Provinces and both the tidal and non-tidal fisheries of Quebec (except the Magdalen Islands) are controlled by the respective provinces, but the right of fisheries legislation for all provinces rests with the Dominion Government. The fisheries under the control of the Dominion Government are administered by the Department of Fisheries, which was created as a separate department in 1930. A large staff of inspectors, guardians, and supervisors is employed to enforce the fishery laws, and a fleet of vessels patrols the coastal and inland waters to prevent poaching and to assist in the carrying out of the regulations. The main object of legislation has been the prevention of depletion, the enforcement of close seasons, the forbidding of pollutions and obstructions and the regulation of fishing operations generally. Stations under the direction of the Fisheries Research Board of Canada (formerly the Biological Board) for the conduct of biological research are established at Halifax, N.S., St. Andrews, N.B., Nanaimo and Prince Rupert, B.C., and in Gaspé County, Que. A marine biological station, chiefly for oyster investigation work, is conducted at Ellerslie, P.E.I., and a substation for salmon investigation at Cultus Lake, B.C. The Fisheries Research Board employs a permanent staff of scientists. Other aids to the industry inaugurated by the Government may be mentioned. Most of the fishing vessels are equipped with radio receiving sets and a system is now in operation for broadcasting radio reports as to weather probabilities, bait and ice supplies and ice conditions along the coast. Educational work is carried on by permanent officers of the Department of Fisheries in instructing the fishermen in various areas as to the best methods of handling and processing their catches, and in bringing to the attention of the public the value of fish as a food. By an Act of 1882 (45 Vict., c. 18) for the development of the sea fisheries and the encouragement of boat building, provision was made for the distribution among fishermen and

the owners of fishing boats of \$150,000 annually in bounties, representing the interest on the amount of the Halifax Award. An Act of 1891 (54-55 Vict., c. 42) increased the amount to \$160,000, the details of the expenditure being settled each year by Order in Council.

'Patchers' Repacking  
Overweight and Under-  
weight Cans as they  
come from an Automatic  
Weighing Machine in a  
British Columbia  
Salmon Cannery.



Sockeye Salmon  
in British Columbia  
being removed  
from a Purse Seine  
to the Hold of a  
Carrying Boat by  
means of a 'Brailer.'

*Courtesy, Department of Fisheries*

By Parliamentary vote the sum of \$300,000 was made available for use by the Department of Fisheries during the fiscal year 1937-38 to aid, in co-operation with the provinces concerned, in the re-establishment of needy fishermen. Four provinces—Nova Scotia, New Brunswick, Prince Edward Island, and Quebec—entered into agreements with the Dominion authorities in carrying out the purpose of this vote. In each of the four the Department of Fisheries spent two dollars for each dollar spent by the Provincial Government in direct aid to fishermen who were in need of assistance and the total spendings from the departmental appropriation were \$218,004. In Quebec 8,930 grants were made to fishermen. In the Maritime Provinces and the Magdalen Islands the plan adopted was to make loans to fishermen and associations of fishermen: the total number of these loans to fishermen was 9,176 and to fishermen's associations, 28.

In a further effort to aid the fishermen, in this case by expanding the demand for their products, large-scale advertising was continued by the Department of Fisheries during the fiscal year. In the main, the advertising was carried on within the Dominion, but \$15,000 was used in the United



Kingdom, with the particular object of increasing sales of Canadian canned lobster and canned salmon. In Canada many publications of different classes were used in the campaign, which extended to all parts of the country and directed attention to the merits of Canadian fish foods.

### The Modern Industry

The latter half of the nineteenth century saw the commencement of expansion in the commercial fishing industry of Canada. In 1844 the estimated value of the catch was only \$125,000. It doubled in the following decade and by 1860 had passed the million mark. Ten years later it was \$6,000,000 and this was again more than doubled in 1878. By 1900 it had reached a total of \$21,000,000 and the growth continued with little interruption until 1918, when it reached the high record of \$60,000,000. Due to lower prices, the values in later years have been less. In 1938 the value was \$40,492,976, which is the highest amount recorded since 1930. It will be understood that the figures given represent the total value of the fish marketed, whether in a fresh, dried, canned, or otherwise prepared state. The quantity of fish, including shell fish, caught and landed during the year 1938 was 10,741,150 cwt., compared with 10,918,048 cwt. in the preceding year.

The salmon fishery of British Columbia gives to that province first place in respect to value of production, the position which in earlier times belonged to Nova Scotia on account of her cod fishery. Nova Scotia is now second with regard to value of output, with New Brunswick third and Ontario fourth.

### Salmon Pack of British Columbia, by Species, 1934-38

(Standard cases of 48 lb.)

Species	1934	1935	1936	1937	1938
	cases	cases	cases	cases	cases
Sockeye.....	377,952	350,444	415,024	325,774	447,453
Spring, red.....	1	10,187	16,493	10,963	10,276
Spring, pink.....	29,584	3,114	2,527	1,788	2,322
Spring, white.....	1	8,619	10,834	3,420	2,933
Blueback.....	29,556	15,319	33,718	19,236	27,417
Steelhead.....	1,282	596	1,068	844	1,035
Coho.....	195,874	216,173	212,343	113,972	273,706
Pink.....	435,364	514,966	591,532	585,576	400,876
Chum.....	513,184	410,604	597,487	447,602	541,812
<b>Totals.....</b>	<b>1,582,796</b>	<b>1,530,022</b>	<b>1,881,026</b>	<b>1,509,175</b>	<b>1,707,830</b>

<sup>1</sup>Included with "Spring, pink".

Lobstering on the Atlantic Coast is second in value only to the salmon fishery of the Pacific. Lobstering commenced about the year 1870 with three canneries and has expanded until it is now the largest fishery of the kind in the world. In 1938 the lobster canneries numbered 215 and gave work to nearly 5,000 people; 30,000,000 lobsters is a normal catch. In New Brunswick the canning of sardines, which are young herring and not a distinct type of fish, exceeds in importance its lobster industry. There are only 3 sardine canneries in the province, but they are of large capacity, and gave work in 1938 to nearly 700 people. The salmon canneries of the Pacific numbered 38 and gave employment to nearly 5,000

persons. There are a few salmon canneries on the Atlantic Coast, but their output is comparatively small. The fish-canning and -curing industry is connected entirely with the sea fisheries, the plants being scattered along the coasts in locations of easy accessibility to the fishermen in delivering their catches.

### Production of the Fisheries, by Provinces, 1914, 1937, and 1938

Province or Territory	Values of Production			Percentages of Total Values		
	1914	1937	1938	1914	1937	1938
	\$	\$	\$	p.c.	p.c.	p.c.
Prince Edward Island.....	1,261,666	870,299	930,874	4.1	2.2	2.3
Nova Scotia.....	7,730,191	9,229,834	8,804,231	24.7	23.7	21.7
New Brunswick.....	4,940,083	4,447,688	3,996,064	15.8	11.4	9.9
Quebec.....	1,924,430	1,892,036	1,957,279	6.2	4.9	4.8
Ontario.....	2,755,291	3,615,666	3,353,775	8.8	9.3	8.3
Manitoba.....	849,422	1,796,012	1,811,124	2.7	4.6	4.5
Saskatchewan.....	132,017	527,199	468,646	0.4	1.4	1.2
Alberta.....	86,720	433,354	492,943	0.3	1.1	1.2
British Columbia.....	11,515,086	16,155,439	18,672,750	36.8	41.4	46.1
Yukon.....	69,725	8,767	5,290	0.2	0.0	0.0
<b>Totals.....</b>	<b>31,264,631</b>	<b>38,976,294</b>	<b>40,492,976</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

### Fisheries Production, by Principal Kinds, 1937 and 1938

(Each over \$1,000,000 in value, and arranged by value in 1938.)

Kind	1937		1938	
	Quantity Caught	Value Marketed	Quantity Caught	Value Marketed
	cwt.	\$	cwt.	\$
Salmon.....	1,724,213	12,370,219	1,766,728	14,992,544
Lobster.....	309,950	4,633,429	314,385	3,793,219
Cod.....	1,523,626	3,140,230	1,702,023	3,335,231
Herring.....	3,057,503	2,556,883	2,533,677	2,487,231
Halibut.....	150,583	1,598,190	162,540	1,789,444
Whitefish.....	173,675	1,887,889	154,244	1,650,347
Sardine.....	159,481	1,526,505	184,450	1,393,129
Haddock.....	388,823	1,296,313	393,589	1,361,992
Trout.....	70,588	1,031,740	72,873	1,036,292
Pickarel.....	143,020	1,043,532	128,812	1,031,868

### Capital Invested and Employees Engaged in the Fisheries, 1936-38

Item	1936	1937	1938
<b>Capital</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Vessels, boats, nets, traps, etc.....	27,258,550	26,796,379	26,598,944
Fish-canning and -curing establishments.....	18,614,592	18,130,385	21,962,498
<b>Totals, Capital.....</b>	<b>45,873,142</b>	<b>44,926,764</b>	<b>48,561,442</b>
<b>Employees</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
On vessels and boats, and in fishing without boats.....	71,735	69,981	71,510
In fish-canning and -curing establishments.....	15,238	14,044	14,484
<b>Totals, Employees.....</b>	<b>86,973</b>	<b>84,025</b>	<b>85,994</b>

**Export Trade in Fish.**—The domestic consumption of fish is relatively small in Canada, and the trade depends largely upon foreign markets. From 60 to 70 p.c. of the annual catch is an average export, of which the United States takes approximately one-half and the United Kingdom one-fourth. In the calendar year 1938, total exports amounted to \$27,543,680, of which \$12,713,819 went to the United States and \$6,880,661 to the United Kingdom: analysed in another way, \$11,457,680 went to British Empire countries and \$16,086,000 to foreign countries. The most important single export is canned salmon (to the United Kingdom and European markets), followed by fresh lobster, canned lobster, fresh salmon, fresh whitefish, and dried cod (to the West Indies, South America, etc.). For fresh fish the United States is the chief market, although the United Kingdom takes considerable quantities of salmon and halibut, classified as fresh and frozen.



Trout Fishing in the Nipigon District, Ontario.

*Courtesy, Canadian Government Motion Picture Bureau*

**Game Fish.**—The foregoing is a purely industrial and commercial survey. Fishing for sport, however, has its economic side in a country of such famous game fish as the salmon of the Restigouche and other rivers of the Maritime Provinces; the black bass and speckled trout of the Quebec and Ontario highlands; the red trout of the Nipigon; and the salmon and rainbow trout of British Columbia. A considerable public revenue is derived from the leasing of waters in sparsely settled districts to clubs and individuals for sporting purposes. Several hundreds of guides find employment in this field during the summer months.



## CHAPTER VIII

### THE FUR TRADE

The fur trade of Canada which, in the early days, dominated all other pursuits and led to the exploration and the eventual settlement of the country, is still of immense importance. The advance of agricultural settlement, lumbering, and mining has driven fur-bearing animals farther and farther afield, and this expulsion from their former range, combined with the improved methods now used in the capture of the animals, has caused serious depletion in the numbers of the various kinds. To deal with this loss the various Provincial Governments, in co-operation with



During the visit of Their Majesties the King and Queen to Winnipeg, on May 24, the Governor of the Hudson's Bay Company, paid King George "rent" with two black-beaver pelts and two elk heads. His Majesty is shown here as he received the two beaver skins, with Queen Elizabeth looking on.

*Courtesy, Canadian Broadcasting Corporation*

the Dominion authorities, have inaugurated a policy of conservation, and have passed laws under which provision is made for close seasons, for the licensing of trappers and traders, for the collection of royalties on pelts, and for the regulation of the methods to be employed in trapping the animals. The annual value of the raw-fur production of Canada shows no decline, but this is due to the fur-farming industry, which now supplies nearly all of the silver fox and about 40 p.c. of the mink pelts.

Commencing with the year 1881, records of the value of raw-fur production were obtained in the decennial censuses, but from 1920 the Dominion Bureau of Statistics has issued annual reports, these reports at first being based on returns supplied to the Bureau by the fur traders, but

more recently prepared from statements furnished by the provincial game departments, which are based on returns of royalties, export tax, etc. In 1881 the value of pelts taken was \$987,555; by 1910 it had become \$1,927,550; in the season 1920-21, \$10,151,594; and in 1930-31, \$11,803,217.

According to advance figures, the value of Canada's production of raw furs in the season 1937-38 (12 months ended June 30, 1938) is placed at \$12,527,497, compared with \$17,526,365 in the preceding season. These totals comprise the value of pelts of fur-bearing animals taken by trappers and pelts sold by fur farms, the value of the latter approximating 46 p.c. of the whole. Lower average prices of furs are chiefly responsible for the decrease in total value, as a decrease shown also in the total number of pelts is credited mainly to the less valuable kinds, viz., rabbit and squirrel. Average prices for the ten principal kinds, with 1936-37 averages in parentheses, were: silver fox, \$22·67 (\$29·46); mink, \$10·00 (\$16·24); muskrat, 76 cents (\$1·40); white fox, \$12·59 (\$13·71); beaver, \$10·47 (\$12·54); marten, \$23·28 (\$26·28); red fox, \$7·02 (\$8·16); ermine, 51 cents (88 cents); lynx, \$29·93 (\$34·52); and cross fox, \$20·93 (\$24·75). Silver fox showed a total of 249,982 pelts valued at \$5,666,209, an increase in number of 19,952, but a decrease in value of \$1,111,435. The value of the silver fox pelts represents 45 p.c. of the total for all kinds of furs. Second in importance is mink, with a total value of \$1,348,007.

Quebec is the leading province with respect to total value of raw-fur production. The relation which the value for each province bears to the total for Canada is as follows: Quebec, 17 p.c.; Ontario, 16 p.c.; Prince Edward Island, 14 p.c.; Northwest Territories, 10 p.c.; Alberta, 9 p.c.; Manitoba, 8 p.c.; Saskatchewan, 7 p.c.; British Columbia, 6 p.c.; Nova Scotia, 6 p.c.; New Brunswick, 5 p.c.; and Yukon, 2 p.c.

#### Numbers and Values of Pelts Taken, Seasons 1921-22 to 1937-38

Season	Pelts	Total Value	Season	Pelts	Total Value
	No.	\$		No.	\$
1921-22.....	4,366,790	17,438,867	1930-31.....	4,060,356	11,803,217
1922-23.....	4,963,996	16,761,567	1931-32.....	4,449,289	10,189,481
1923-24.....	4,207,593	15,643,817	1932-33.....	4,503,558	10,305,154
1924-25.....	3,820,326	15,441,564	1933-34.....	6,076,197	12,349,328
1925-26.....	3,686,148	15,072,244	1934-35.....	4,926,413	12,843,341
1926-27.....	4,289,233	18,864,126	1935-36.....	4,596,713	15,464,883
1927-28.....	3,601,153	18,758,177	1936-37.....	6,237,640	17,526,365
1928-29.....	5,150,328	18,745,473	1937-38 <sup>1</sup> .....	4,688,083	12,527,497
1929-30.....	3,798,444	12,158,376			

<sup>1</sup> Preliminary figures.

An important adjunct of the fur trade is the industry of fur dressing and fur dyeing. The work is chiefly on a custom basis; the furs are treated for owners at a certain charge per pelt. The number of plants engaged in the treatment of furs during the year 1937 was 14, the number of skins treated 4,004,620, and the amount received for the work \$1,397,767. The principal kinds of furs treated, with regard to number, were rabbit (1,522,623) and muskrat (987,713). There is also the fur goods industry, which supplies practically the entire quantity of fur goods—coats, scarves, muffs, caps, gauntlets, etc.—consumed in the Dominion. This industry in

1937 provided employment for 3,419 persons, paid in salaries and wages \$3,730,176, and produced goods to the value of \$16,261,100. There were establishments from coast to coast to the number of 351 although the industry was centred chiefly in Quebec and Ontario.

Litter of Fox Pups  
on a Fox Farm near  
Ottawa, Ontario



Fox Pens on a Fur Farm at  
Kirkfield, Ontario. *Lower inset:*  
Silver black fox; ranch scene in  
Ontario during winter.

*Courtesy, Canadian Government Motion Picture Bureau*

**Fur Farming.**—Fur farming, which was commenced in Prince Edward Island towards the close of the past century, and has since spread throughout the Dominion, to-day occupies a position of large importance, whether regarded as a distinct industry or as a branch of agriculture.

In the early days of the fur trade it was the practice in Canada for trappers to keep foxes caught out of season alive until the fur was prime, and from this custom has arisen the modern industry of fur farming. For many years the term "fur farming" was synonymous with "fox



farming" attention being directed chiefly to the silver fox. The black or silver fox is a colour phase of the common red fox, and the beauty of its fur and the consequent high price to be realized from the sale of the pelt encouraged the carrying out of experiments in breeding to fix this silver strain. Success came in the year 1894, when a litter of silver foxes was raised to maturity on a farm near Alberton, Prince Edward Island. Further successes advanced the industry, and in 1913 an enumeration by the Commissioner of Agriculture for Prince Edward Island showed 277 fox farms in the province, with a total of 3,130 foxes, of which 650 were silver. Meanwhile attempts at rearing foxes in captivity were also being made in other provinces, the records showing that foxes were successfully bred in Quebec in 1898, in Ontario in 1905, and in Nova Scotia in 1906. In 1912 and 1913 the Dominion Commission of Conservation conducted an exhaustive inquiry into the history and possibilities of fur farming in Canada, and the resulting data, published in 1913, gave an impetus to the industry. The pioneers of the fox-farming industry raised the foxes chiefly for the sake of the pelts, as high as \$2,600 being received for a single pelt of exceptional quality, and it was not until 1912 that there was any general sale of live foxes. With increased interest in fur farming came a large demand for foxes to be used as foundation stock in newly-established ranches. Fabulous prices were now obtainable for the live animals, sales of proved breeders in 1912 being recorded at from \$18,000 to \$35,000 per pair. The number of fur farms from this time forward rapidly increased, companies as well as individuals engaging in the business, and as larger number of foxes became available for sale, prices naturally declined. In 1919 the Dominion Bureau of Statistics commenced the annual collection of returns of fur farms, and the records for that year show 424 fox farms and 5 miscellaneous kinds of fur farms in Canada. The number of silver foxes on the farms in the same year was 7,181, of which 5,401 were credited to Prince Edward Island. Meanwhile the average price for a pair of silver foxes had dropped to around \$650, although prices as high as \$1,100 for a single fox are recorded. By 1937, the latest year for which statistics are available, the number of fox farms had mounted to 7,601, with a total of 157,053 foxes, of which 153,822 were classified as "silver". The demand for live foxes is not as great as in the earlier years when fur farming was in course of establishment, but there is an ever-present market for furs and the industry is now engaged in meeting the requirements of this market. In 1937 the value of the pelts sold represented 85 p.c. of the total revenue in that year.

Second only to the silver fox in importance is the mink. In 1937 the number of mink on the farms at the end of the year was 71,410, or slightly more than one-half of the number of silver foxes recorded. Mink farms are reported in all provinces, with Ontario and Manitoba of first importance with regard to number of farms.

The Dominion Department of Agriculture conducts, at Summerside, Prince Edward Island, an experimental fur farm for the study of matters affecting the health of fur-bearing animals, especially the silver fox, in captivity, while in several provinces, also, government departments have branches whose activities are for the benefit of the fur-farming industry. Reports and pamphlets are issued from time to time, and the advice of the officers in charge of the work is always available to the fur farmer.

*Statistics of Fur Farming.*—The number of fur farms in operation in Canada in 1937, according to returns made to the Dominion Bureau of Statistics, was 9,179, an increase over the preceding year of 1,037, or 13 p.c. The total includes 7,601 fox farms, 1,426 mink farms, and 152 farms under various other classifications, as raccoon, marten, fisher, etc.

The value of fur-farm property was \$17,363,602, of which \$7,687,171 is credited to the land and buildings and \$9,676,431 to the fur-bearing animals. The number of fur-bearing animals (exclusive of muskrat and beaver, for which information is not available) born in captivity each year has been mounting steadily and for the year 1937 recorded a total of 354,075, an increase over the preceding year of 57,595. The principal kinds were silver fox, with a total of 238,936, and mink, with a total of 106,999. These two kinds, together, accounted for 98 p.c. of the total number of births. Compared with the preceding year the number of silver foxes born showed an increase of 17,031 or 8 p.c., and the number of mink an increase of 41,107 or 62 p.c. The value of the live fur-bearing animals sold from the farms during the year was \$1,030,888, an increase over the preceding year of \$200,116 or 24 p.c. The rapid advance of the mink-farming branch of the industry contributed largely to the increase, many mink being required to stock new farms. In 1937 the sale of pelts brought to the fur farmer the total amount of \$5,779,498, an increase over the preceding year of \$71,060.

*Pelts Sold From Fur Farms.*—The volume of silver fox pelt sales from the farm continues to advance, but the average price per pelt has receded steadily during the past few years. In 1937 the silver fox pelts sold numbered 196,436, compared with 162,999 in the preceding year, while the total value was \$5,019,487, compared with \$4,950,290, and the average price per pelt, \$26 compared with \$30. The number of mink pelts sold was 54,819, compared with 40,844, the value, \$681,475, compared with \$652,940, and the average price per pelt, \$12 compared with \$16. The value of silver fox and mink pelts, combined, represents 99 p.c. of the total for all kinds sold from the farms.

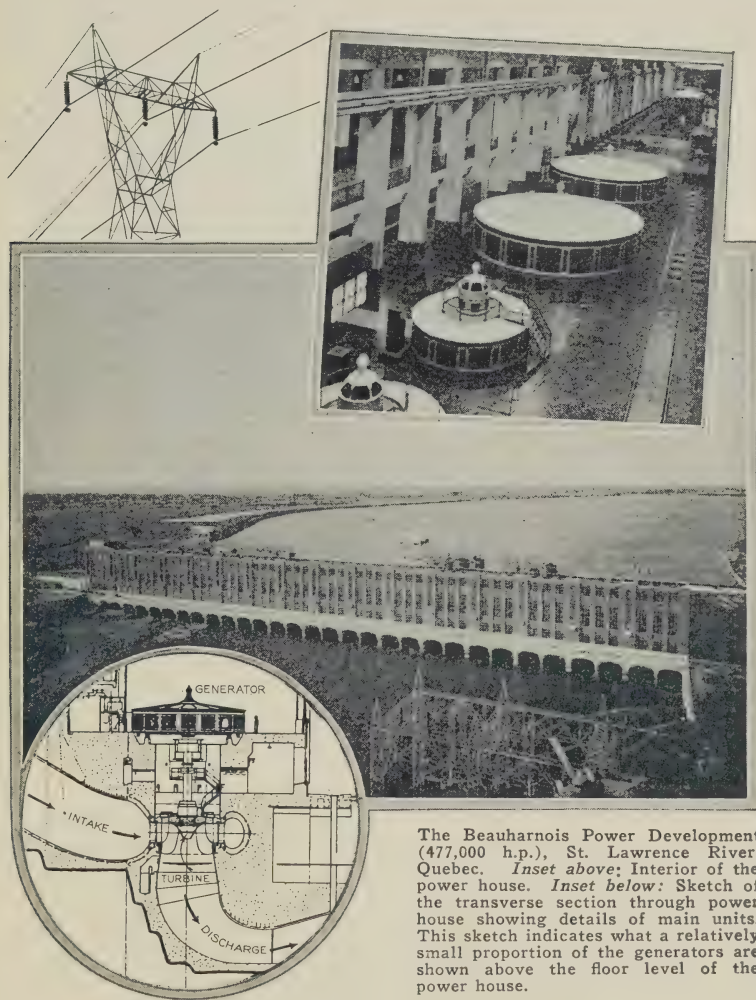
**Export Trade in Furs.**—The important markets for Canadian furs are London and New York; the trade tables for the 12 months ended June 30, 1938, show that of the value of raw furs exported, viz., \$12,653,355, the United Kingdom received \$8,363,694 and the United States \$3,610,520. At the close of the Great War, Montreal took a position as an international fur market, holding the first Canadian fur auction sale in 1920. At the sales held in Montreal during the season 1937-38 the pelts sold numbered 1,438,101, while the value amounted to \$4,992,956. Fur auction sales are held also at Winnipeg, Edmonton, and Vancouver.

In 1667 exports of furs to France and the West Indies were valued at 550,000 francs. In 1850, the first year for which trade tables of the Customs Department are available, the value of raw furs exported was £19,395 (\$93,872); for the year ended June 30, 1920, the value was \$20,417,329; for 1925, \$17,131,172; for 1930, \$17,187,399; and for 1937, \$18,529,254. As seen from the 1938 figures quoted in the previous paragraph, the value of raw furs exported in that year showed a decrease of 32 p.c. compared with 1937, the decrease being in line with the reduction in the total value of raw-fur production.

## CHAPTER IX

### THE WATER POWERS OF CANADA

Canada's water powers constitute one of her greatest natural resources. Their development has not only facilitated the growth of industry but has resulted in giving value to marginal products, which, without the low-cost power provided by water, would have remained unmarketable. This low-cost power has also resulted in the creation of entirely new centres of population for the processing of raw materials imported from abroad.



The Beauharnois Power Development (477,000 h.p.), St. Lawrence River, Quebec. *Inset above:* Interior of the power house. *Inset below:* Sketch of the transverse section through power house showing details of main units. This sketch indicates what a relatively small proportion of the generators are shown above the floor level of the power house.

*Courtesy, Beauharnois Light, Heat and Power Company, Montreal*



So general and widespread is its availability that all but the most isolated hamlets enjoy the amenities of electric lighting, radio, cooking and domestic appliances which in many countries are only associated with the larger urban centres.

Canada's water powers have an estimated capacity of almost 34,000,000 h.p. which, under average conditions of use, will provide for a turbine installation of about 43,700,000 h.p. of which the installation, as at Jan. 1, 1940, represents almost 19 p.c., notwithstanding that it provides 733 h.p. for each thousand of her population. These water powers, developed and undeveloped, are found from the Maritimes to British Columbia in proximity to all industrial centres, the largest mineral deposits and pulpwood supplies. Widespread transmission networks distribute the power from developed sites to consumers within radii of hundreds of miles.

### Available and Developed Water Power, by Provinces, Jan. 1, 1940

Province or Territory	Available 24-hour Power at 80 p.c. Efficiency		Turbine Installation
	At Ordinary Minimum Flow	At Ordinary Six-Month Flow	
	h.p.	h.p.	h.p.
Prince Edward Island.....	3,000	5,300	2,617
Nova Scotia.....	20,800	128,300	131,717
New Brunswick.....	68,600	169,100	133,347
Quebec.....	8,459,000	13,064,000	4,084,763
Ontario.....	5,330,000	6,940,000	2,596,799
Manitoba.....	3,309,000	5,344,500	420,925
Saskatchewan.....	542,000	1,082,000	90,835
Alberta.....	390,000	1,049,500	71,997
British Columbia.....	1,931,000	5,193,500	738,013
Yukon and Northwest Territories.....	294,000	731,000	18,199
<b>Canada.....</b>	<b>20,347,400</b>	<b>33,617,200</b>	<b>8,239,212</b>

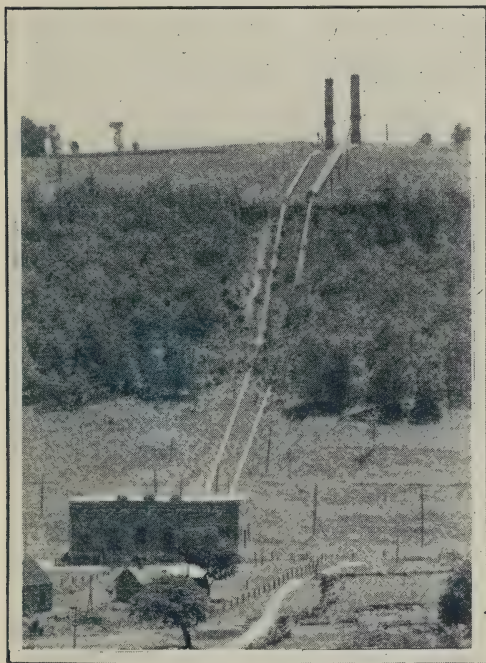
**Provincial Distribution of Water Power.**—The water powers of the *Maritime Provinces*, while small in comparison with the sites in the other provinces, are a valuable economic resource that is augmented by abundant local coal supplies. *Quebec* has the largest known resources of water power and the greatest development, her present installation representing almost 50 p.c. of Canada's total. Almost 90 p.c. of her total installation is operated by central electric station organizations distributing electricity for public use. *Ontario*, which, like *Quebec*, is without local coal supplies, is second in both power resources and development. Here the Hydro-Electric Power Commission operates plants aggregating more than 65 p.c. of the total installation of the province, while an additional 21 p.c. is operated by other central station organizations. Of the *Prairie Provinces*, *Manitoba* has the greatest power resources and the greatest development, 75 p.c. of the total hydraulic development of the three provinces being installed on the Winnipeg River to serve the City of Winnipeg and adjacent municipalities and, over the transmission network of the Manitoba Power Commission, some 135 cities, towns, and villages in southern Manitoba. In the section of the *Prairie Provinces* containing least water power, the southern portions of *Saskatchewan* and *Alberta*,

there are large fuel resources. *British Columbia*, traversed by three distinct mountain ranges, ranks fourth in available power resources and her hydraulic development is exceeded in Quebec and Ontario only. The water powers of *Yukon* and the *Northwest Territories*, while considerable, are so remote from markets as to limit their present development to local mining uses.

**Hydro-Electric Construction During 1939.**—Construction during 1939 added a further 97,040 h.p. to Canada's hydraulic development and brought

the total installation to 8,289,212 h.p. This total also includes a 1,400-h.p. plant which was not reported in time for inclusion in last year's review.

In *British Columbia* the *West Kootenay Power and Light Company* is installing two additional generating units in its *Upper Bonnington Falls Station*. These units are expected to be in operation in the spring of 1940 and are rated at 25,000 h.p. each, bringing the total capacity of the plant to 84,000 h.p. The Company also greatly improved flow-age conditions on the *Kootenay River* at *Grohman*, following an order of the *International Joint Commission* permitting storage of water in *Kootenay Lake*.



**Eugenia Falls Development.**—The highest head plant in Ontario; one of the power plants supplying the Ontario Hydro-Electric Power Commission's Georgian Bay system. The view shows the power house, pipe lines and surge towers. The head is 550 feet.

*Courtesy, Hydro-Electric Power Commission of Ontario*

In *Saskatchewan*, the *Churchill River Power Company* increased the installation of its plant at *Island Falls* on the *Churchill River* to 87,500 h.p. by the addition of a 19,000 h.p.-unit, the second of this rating, and by the rebuilding of the three original units from 14,000 h.p. to 16,500 h.p. each.

The *Consolidated Mining and Smelting Company* brought into operation on July 1, 1939, the initial installation of 3,300 h.p. in its hydro-electric development at *Wellington Lake* on *Charlot River*. The plant supplies power for gold mining at *Goldfields*, *Saskatchewan*.

In *Ontario*, the *Hydro-Electric Power Commission*, which operates the *Northern Ontario Properties* as trustee for the *Provincial Government*, installed a third unit of 7,500 h.p. in *Ear Falls* generating station on the

English River, thereby increasing the station's installation to 17,500 h.p. Extensive transmission-line construction was also carried out to connect the station with the Rat Rapids generating station at the easterly end of Lake St. Joseph and to transmit power to nearby mining properties. The line was also extended to the town of Sioux Lookout.

In the extreme northwestern part of Ontario, Berens River Mines Limited completed and brought into operation a 2,000-h.p. plant on Duck River, a tributary of the Severn. The plant is at the outlet of North Wind Lake and the power is transmitted  $8\frac{1}{2}$  miles to the company's mine.

At Black River Falls on Black River, about two miles northeast of Heron Bay on Lake Superior, the Ontario Paper Company completed a hydro-lectric plant of 1,500 h.p. to serve Heron Bay pulpwood-barking mill.

The Gananoque Electric Light and Water Supply Company constructed a plant of 999 h.p. at Brewers Mills on the Cataragui River and replaced a 225-h.p. turbine in its Gananoque plant by one of 666 h.p.

In the Province of Quebec the Beauharnois Light, Heat and Power Company brought its ninth unit of 53,000 h.p. into operation and resumed work on the installation of the tenth and eleventh units.

The St. Maurice Power Corporation proceeded with the construction of its 243,000-h.p. development at La Tuque on the St. Maurice River. The plant is scheduled for completion towards the close of 1940.

La Sarre Power Company completed a new plant of 700 h.p. on La Sarre River, 3 miles north of La Sarre. The plant is designed for a further installation of 700 h.p.

The Quebec National Electricity Syndicate proceeded with the construction of its plant on the Upper Ottawa River to augment the power supply of the mining fields of northwestern Quebec.

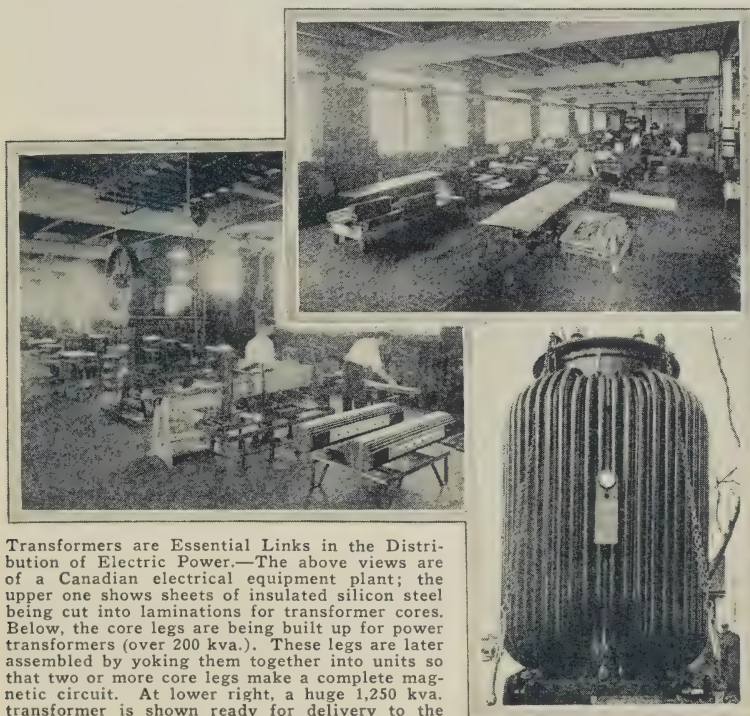
### Central Electric Stations

Over 87 p.c. of all water power developed in Canada is developed by central electric stations and, although there are a large number of stations (279) which derive their power entirely from fuels and 38 hydraulic stations which also have thermal auxiliary equipment, 98 p.c. of all electricity generated for sale is produced by water power.

The production of electricity by central electric stations amounted to 5,500,000,000 kilowatt hours in 1919, the first year for which such data are available. Six years later it was almost doubled, by 1928 it had more than trebled and by 1930 it amounted to 18,000,000,000 kilowatt hours. With continued depression in manufacturing industries the output started to decline late in 1930 and continued into 1933, but from June, 1933, to the end of 1937 there has been an almost continuous succession of increases each month after adjusting for normal seasonal variations. A slump in 1938 in the pulp and paper industry, which takes around 40 p.c. of the total power generated, caused a reduction in the output. The output for October, 1939, at 2,589,956,000 kilowatt hours, was the largest in the history of the industry; an estimate for the present year is 28,350,000,000 kilowatt hours, as compared with the output of 26,013,000,000 kilowatt hours shown for 1938. Only one other country (Norway) has a greater output per capita and only three other countries have greater total outputs irrespective of size. One reason for this large use of electricity produced by central stations is the absence of coal in the central provinces



and the large quantities of water power available within transmitting distances of the principal manufacturing centres. The pulp and paper industry has been an important factor in the rapid increase, using around 40 p.c. of the total output. Low rates and reliable service have increased the domestic use for lighting, cooking, water heating and other household uses; the average per capita consumption has risen to 1,338 kilowatt hours per annum, about twice that in the United States where living standards are very similar. Secondary power used in electric boilers, mainly in pulp and paper mills, has increased from a very small quantity in 1924 to over 7,000,000,000 kilowatt hours in 1937, but the consumption of firm power, or total output less secondary power for electric boilers and exports to the United States, has continued to increase and reached a peak for the month of October, 1939, of 1,804,048,000 kilowatt hours; the index, after adjustment for seasonal variation, rose to 217 for September.



Transformers are Essential Links in the Distribution of Electric Power.—The above views are of a Canadian electrical equipment plant; the upper one shows sheets of insulated silicon steel being cut into laminations for transformer cores. Below, the core legs are being built up for power transformers (over 200 kva.). These legs are later assembled by yoking them together into units so that two or more core legs make a complete magnetic circuit. At lower right, a huge 1,250 kva. transformer is shown ready for delivery to the purchaser.

*Courtesy, Ferranti Electric Limited, Toronto*

The rated capacity of electric motors in manufacturing industries in Canada in 1937 was 79.2 p.c. of the total capacity of all power equipment in these industries, the increase from 61.3 p.c. in 1923 being almost continuous. In the mining industries this conversion to electric drive has been even greater, growing from 57.3 p.c. in 1923 to 79.7 p.c. in 1937. In 1937 almost 84 p.c. of these electric motors in manufacturing industries

and 85 p.c. in mining industries were driven by power produced in central stations.

Mechanical power, particularly electric motors, has been increasing in manufacturing industries much more rapidly than the number of employees during the past decade. From 1923 to 1937 power equipment, measured in horse-power, increased by 119.5 p.c., whereas the number of employees increased by only 30.5 p.c. Of course, employees decreased from 1929 to 1933, while power equipment continued to increase. At the peak of employment in 1929 the increases over 1923 were 80.2 p.c. for power equipment and 31.9 for employees. These percentage increases are affected by the relative status of each class of power at the beginning of the period and also by the more or less general practice of installing a surplus of motor capacity in plants where each machine has its own motor. One horse-power is equivalent approximately to the capacity of ten men. Consequently in 1923 for each employee there was power equipment with a capacity of 42 men, by 1929 this had grown to a capacity of 57 men, and by 1937 to 71 men. The load factor, or extent to which the available power equipment and man power were used, is not known, but quite probably the ratio between use and available capacity was changed very little for these years.

Electricity, principally hydro-electric energy, is also displacing coal and oil to heat furnaces, ovens and boilers, and is doing enormous quantities of work in electrolytic refining of metals, production of fertilizers, metal plating and so forth.

Investments in central electric stations for 1937 amounted to \$1,497,330,231, which was larger than for any manufacturing industry; revenues amounted to \$143,546,643 and 1,500,128 domestic customers were served. These are approximately 60 p.c. of all families in Canada, both urban and rural.

#### Average Monthly Output, Central Electric Stations in Canada, 1926-39

Year	From Water	From Fuel	Total	Year	From Water	From Fuel	Total
	'000 kwh.	'000 kwh.	'000 kwh.		'000 kwh.	'000 kwh.	'000 kwh.
1926.....	991,041	16,746	1,007,787	1933.....	1,436,486	26,150	1,462,636
1927.....	1,193,481	18,944	1,212,425	1934.....	1,733,810	29,484	1,763,294
1928.....	1,340,292	21,192	1,361,484	1935.....	1,917,958	32,410	1,950,368
1929.....	1,441,203	27,622	1,468,825	1936.....	2,078,739	37,452	2,116,191
1930.....	1,463,330	25,230	1,488,560	1937.....	2,256,779	41,882	2,298,661
1931.....	1,339,907	26,071	1,365,978	1938.....	2,130,006	37,728	2,167,734
1932.....	1,296,360	25,845	1,322,205	1939 <sup>1</sup> .....	2,282,196	39,178	2,321,374

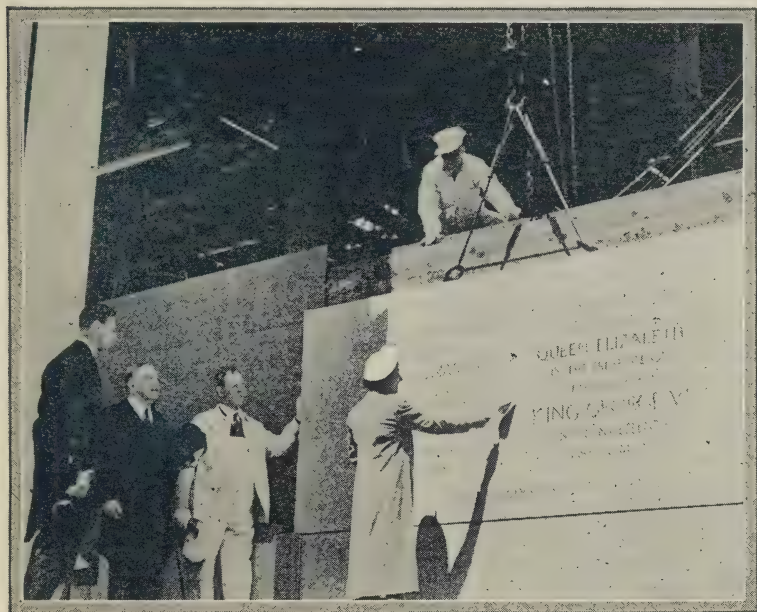
<sup>1</sup>Ten-month average.

The above figures are interesting as showing the consistent progress of the industry from 1926 to 1930 and, after a two-year interval, its continued progress. Even in the worst of the depression years (1932) the drop in output was only a little over 11 p.c. of the maximum, and, from June, 1933, onward there has been very rapid and fairly continuous increase. The index number adjusted for seasonal variations reached an all-time high point for any month at 239.83 in June, 1937 (1926 = 100), and was 238.77 in June, 1939.

## CHAPTER X

### CONSTRUCTION

Construction has received considerable stimulus in the past two or three years from the Dominion Housing Act, 1935, the National Housing Act, 1938, the Home Improvement Loans Guarantee Act, 1937, and the Municipal Improvements Assistance Act, 1938. All these Acts are administered by the Dominion Department of Finance.



The Laying of the Corner-Stone of the Supreme Court Building by Her Majesty during the Royal Visit to Ottawa. His Majesty and Prime Minister Mackenzie King look on with interest.

*Courtesy, Canadian Government Motion Picture Bureau.*

**National Housing Act, 1938.**—This legislation has a twofold purpose: (1) to assist in the improvement of housing conditions; and (2) to assist in absorption of the unemployed by stimulation of the construction and building material industries. The Act has three Parts.

Part I re-enacts the main features of the Dominion Housing Act, 1935, with important amendments designed to encourage the construction of low-cost houses and the extension of lending facilities to the smaller and more remote communities. The Minister of Finance is empowered to make advances up to \$20,000,000, less advances already made and administrative expenses already incurred under the Dominion Housing Act, which amounted to approximately \$5,500,000. The Act provides for loans for the construction of new dwellings, including single-family houses, duplexes, and apartment houses, but not including buildings used for both dwelling and commercial purposes. All loans are made through



approved lending institutions, the security in the form of a first mortgage running jointly to the approved lending institution and to the Government. Loans may be for an amount not exceeding 80 p.c. of the lending value of the property, or 90 p.c. where lending value is \$2,500 or less and the house is being built for an owner-occupant. The other 20 p.c. or 10 p.c., respectively, is to be provided by the borrower. Provision is also made for loans ranging between 70 p.c. and 80 p.c. when the lending value exceeds \$2,500, and for loans ranging between 50 p.c. and 90 p.c. when the lending value does not exceed \$2,500. In order to encourage the extension of the Act to the smaller and more remote communities, the Minister is authorized to guarantee approved lending institutions against loss up to an amount not in excess of 25 p.c. of the total amount of loans made by each such lending institution. The interest rate paid by the borrower on all loans made under Part I is 5 p.c. This is made possible by the fact that the Government advances one-quarter of the total mortgage money on an interest basis of 3 p.c. Loans are made for a period of 10 years subject to renewal for a further period. Interest, principal, and taxes are payable in monthly instalments. Amortization of principal is effected at a rate sufficient to pay off the entire loan in 20 years, but more rapid amortization may be arranged.

Part II of the Act is designed to assist local housing authorities (including limited-dividend housing corporations) to provide decent, safe, and sanitary housing to be rented only to families of low income who cannot afford the 'economic rental'. The Dominion Government is authorized to make first mortgage loans to local housing authorities up to a maximum amount of \$30,000,000, but loans to any one municipality must not exceed the proportion of \$30,000,000 which the population of the municipality bears to the total urban population of Canada based on the 1931 Census. Loans of 80 p.c. of the cost of construction, but not exceeding \$2,400 per family unit, may be made to limited-dividend housing corporations organizing low-rental housing projects, and dividends on the shares of which are limited to 5 p.c. annually. Loans of 90 p.c. of the cost of construction, and not exceeding \$2,700 per family unit, may be made to other local housing authorities. Interest is at  $1\frac{1}{2}$  p.c. in the case of limited-dividend corporations, and 2 p.c. for other local housing authorities. Payments are made half-yearly so as to amortize the loan in approximately 35 years. Local taxes in excess of 1 p.c. of the cost of construction must not be levied. For loans made to local housing authorities other than limited-dividend housing corporations, the interest and principal must be guaranteed by the province.

Part III authorizes the Minister of Finance to pay the increase in municipal taxes (excluding special taxes and local improvement taxes) levied on a house costing \$4,000 or less, the construction of which begins between June 1, 1938, and December 31, 1940, as follows: 100 p.c. of such taxes for the first tax year; 50 p.c. for the second; and 25 p.c. for the third. The chief conditions to be complied with are: (1) The municipality in which the house is erected, if it owns lots suitable for residential purposes, must make a satisfactory offer to sell a reasonable number of such lots at not more than \$50 per lot, or at not more than the lowest price at which the municipality has power to sell such lots, to persons who agree to begin the construction of houses for their own occupation within one

year from the respective dates of purchase. Any new house complying with the other general conditions is eligible for tax assistance, and not only such houses as may be built on lots sold by the municipality. (2) The cost of construction of the house including land, building, architectural and legal expenses, must not exceed \$4,000. (3) The house must be built for a person for his own occupation.

### Loans Made Under the Dominion Housing Act and the National Housing Act to Sept. 30, 1939

Province	Loans	Family Units Provided	Amount	Province	Loans	Family Units Provided	Amount
	No.	No.	\$		No.	No.	\$
P.E.I.....	16	16	87,434	Man.....	396	543	2,082,613
N.S.....	533	549	2,285,900	Sask.....	35	106	254,742
N.B.....	152	175	693,897	Alta.....	—	—	—
Que.....	1,242	2,634	10,636,105	B.C.....	1,666	1,881	5,983,375
Ont.....	4,136	6,203	21,773,802	<b>Totals.....</b>	<b>8,176</b>	<b>12,167</b>	<b>43,862,868</b>

**The Home Improvement Loans Guarantee Act, 1937.**—This Act provides for a limited guarantee to chartered banks and certain other approved lending institutions in respect of loans made to owners of residential property to finance repairs, alterations, and additions to urban and rural dwellings (including farm buildings). The lending institutions are guaranteed against loss to the extent of 15 p.c. of the aggregate of such loans made by them, but the total amount guaranteed is \$50,000,000 and the maximum liability of the Government is therefore \$7,500,000. No loan shall exceed \$2,000 on any single property except in the case of a multiple-family dwelling when the loan shall not exceed \$1,000 plus \$1,000 for each family unit provided. Loans of \$1,000 or less are made for a term not exceeding 3 years and loans in excess of \$1,000 for a term not exceeding 5 years; they are repayable in convenient instalments. The maximum charge for loans is 3½ p.c. discount for a one-year loan repayable in equal monthly instalments, and proportionately for other periods.

### Loans Made Under the Government Home Improvement Plan to Aug. 31, 1939

Province	Loans	Amount	Province	Loans	Amount
	No.	\$		No.	\$
Prince Edward Island.....	840	205,826	Manitoba.....	5,369	2,085,498
Nova Scotia.....	6,306	1,905,219	Saskatchewan.....	1,621	578,338
New Brunswick.....	3,244	1,067,449	Alberta.....	6,409	2,757,295
Quebec.....	13,396	6,771,870	British Columbia.....	8,521	2,683,428
Ontario.....	40,327	16,789,451	<b>Totals.....</b>	<b>86,033</b>	<b>34,844,374</b>

**The Municipal Improvements Assistance Act, 1938.**—The sum of \$30,000,000 is available under this legislation for the purpose of creating employment on productive undertakings by providing funds to municipalities at a low interest rate to assist in constructing or making extensions or improvements to, or renewals of, self-liquidating projects for which there is urgent need and which will assist in the relief of



A Quagmire being  
Converted into a Modern  
Motor Speedway.

*Left centre.*—Clay, Salt and  
Gravel being dropped into  
a Mixer to make the Salt-  
stabilized Base.



The Finished Road Base.



A Paver Capable of Laying a  
Mile of Asphalt Surface per  
Day on the Finished Base.

*Courtesy, Canadian  
Industries Limited*



unemployment. A municipality may apply for loans up to an amount equal to \$2.89 per head of its population. There is a further provision under which a loan not exceeding \$200,000 may be made available to any municipality however small. All loans bear interest at the rate of 2 p.c. per annum, payable semi-annually, and are to be amortized by semi-annual payments sufficient to pay off the entire loan during a period not exceeding the useful life of the project. As security for such loan the municipality must deliver its debentures or other securities, equal in principal amount to the loan, and may also be required to give a first mortgage, hypothec, or other charge on the project.

Each project and application for loan must be approved, and the loan itself, both in respect of interest and principal, must be guaranteed by the government of the province concerned.

**Loans Approved Under the Municipal Improvements Assistance Act, 1938, to Oct. 12, 1939**

Province	Loans	Amount	Province	Loans	Amount
	No.	\$		No.	\$
Prince Edward Island.....	1	7,000	Saskatchewan.....	24	865,400
Nova Scotia.....	4	118,862	Alberta.....	23	905,520
New Brunswick.....	6	452,514	British Columbia.....	20	2,038,935
Manitoba.....	3	175,988	<b>Totals.....</b>	<b>81</b>	<b>4,564,219</b>

**Railways.**—The expenditures of railways on maintenance of way, and structures and equipment are not included in the census figures of the construction industries given below and are therefore summarized here. For steam railways expenditures for these purposes in 1938 amounted to \$124,450,528 as against \$131,475,672 in 1937 and \$194,000,000 in 1929. For electric railways the total for 1938 was \$5,916,564 as against \$5,838,116 in 1937 and \$9,000,000 in 1929. Expenditures on new line of steam railways were \$2,065,146 in 1938 compared with \$3,052,644 in 1937, whereas in the years 1928-31 they averaged \$30,000,000 per year.

**Annual Census of the Construction Industries.**—A census of construction was first made by the Dominion Bureau of Statistics for 1934 but the basis of compilation was not standardized until 1935 so that, with the compilation of the 1936 figures, data are now available on a comparable basis for the years shown in the following table. It should be pointed out that no relationship exists between these figures and those of values of contracts awarded as shown at the foot of p. 104. In the latter case all values are included since awards are made irrespective of whether the contract is completed or even begun in that year, whereas the industrial statistics show only the work performed in the years specified.

Of the 1937 total value of work performed, 70 p.c. was represented by entirely new construction as compared with 66 p.c. for the previous year. The remainder was for alterations, repairs, maintenance, etc. With regard to type of construction, engineering contracts (such as for streets, highways, harbour and river work, etc.) accounted for 49.2 p.c. as compared with 46.4 p.c. in 1936. Buildings accounted for 37.1 p.c. compared with 38.8 p.c. in 1936.

## Statistics of the Construction Industry, 1937, with Totals for 1936

Province or Group	Capital Invested	Persons Employed	Salaries and Wages Paid	Cost of Materials Used	Value of Work Performed
	\$	No.	\$	\$	\$
<b>Totals, 1936</b>	<b>164,322,276</b>	<b>142,346</b>	<b>112,846,384</b>	<b>122,189,238</b>	<b>258,040,400</b>
<b>Province, 1937</b>					
Prince Edward Island	178,289	382	314,202	378,393	754,448
Nova Scotia	7,386,699	11,409	8,509,950	8,185,301	20,180,404
New Brunswick	7,602,593	7,136	6,246,052	7,946,649	17,557,146
Quebec	53,622,840	46,968	49,173,637	49,996,729	101,460,731
Ontario	78,865,856	57,859	59,868,331	76,849,906	148,352,327
Manitoba	6,374,592	5,249	5,337,598	6,720,247	12,475,326
Saskatchewan	3,699,968	5,660	3,405,373	3,462,655	8,436,495
Alberta	4,900,479	4,735	4,970,730	5,153,609	11,198,894
British Columbia and Yukon	14,339,907	12,254	12,811,418	17,150,946	31,458,343
<b>Totals, 1937</b>	<b>176,971,223</b>	<b>151,652</b>	<b>150,637,291</b>	<b>175,844,435</b>	<b>351,874,114</b>
<b>Group, 1937</b>					
Contractors, builders, etc.	143,347,454	96,865	107,456,466	151,804,667	278,209,051
Municipalities	16,388,378	15,428	12,980,547	5,965,292	20,128,323
Harbour Commissions	1,407,662	804	921,671	311,451	1,616,949
Provincial Govt. Depts.	10,233,292	34,430	25,247,393	15,472,069	45,435,326
Dominion Govt. Depts.	5,594,437	4,125	4,031,214	2,290,956	6,484,465

**Volume of Construction, 1939.**—The recovery in construction, on the whole, has not paralleled that indicated in many other industries, although substantial improvement has been reported recently. According to the records of the construction contracts awarded, as maintained by MacLean Building Reports, Limited, the value of such contracts rose from \$162,588,000 in 1936 to \$224,056,700 in 1937, but dropped to \$187,277,900 in 1938. The total for the first ten months of 1939 was \$165,010,000 or \$3,437,300 higher than in the same months of 1938.

### Construction Contracts Awarded in Canada, Jan. 1 to Oct. 31, 1938 and 1939

(MacLean Building Reports, Limited.)

Type of Construction	1938		1939	
	No.	Value	No.	Value
		\$		\$
Apartments	205	6,962,400	346	8,870,800
Residences	15,608	39,586,200	18,668	49,456,300
<i>Totals, Residential</i>	<i>15,813</i>	<i>46,548,600</i>	<i>19,014</i>	<i>58,327,100</i>
Churches	332	4,081,600	299	4,466,500
Public garages	716	2,692,000	658	2,977,600
Hospitals	107	5,931,100	119	7,181,600
Hotels and clubs	356	2,517,600	293	2,654,300
Office buildings	428	4,382,700	347	4,249,900
Public buildings	495	11,946,100	403	8,550,200
Schools	495	9,715,200	303	7,176,300
Stores	1,808	9,226,900	1,833	6,401,100
Theatres	82	1,420,500	73	1,234,400
Warehouses	506	3,797,200	437	4,273,300
<i>Totals, Business</i>	<i>5,325</i>	<i>55,710,900</i>	<i>4,765</i>	<i>49,165,200</i>
<i>Totals, Industrial</i>	<i>696</i>	<i>13,898,200</i>	<i>753</i>	<i>19,066,700</i>
Bridges	172	3,850,700	185	3,018,800
Dams and wharves	114	3,478,500	216	7,303,100
Sewers and watermains	159	2,870,900	279	3,115,300
Roads and streets	551	15,727,000	609	22,309,600
General engineering	492	19,487,900	70	2,704,200
<i>Totals, Engineering</i>	<i>1,438</i>	<i>45,416,000</i>	<i>1,859</i>	<i>38,451,000</i>
<b>Grand Totals</b>	<b>23,322</b>	<b>161,572,700</b>	<b>25,896</b>	<b>165,010,000</b>

The Dominion Bureau of Statistics collects monthly statistics showing the anticipated cost of the building represented by the permits taken out in 58 cities, the record going back to 1920. The value of the construction work authorized in these cities was estimated at \$60,817,332 in 1938, as compared with \$55,844,999 in 1937; as a matter of fact, the 1938 total exceeded that for any other year since 1931, but, throughout this period, the construction industries have generally operated at a low level. During the first ten months of 1939, the value of the buildings for which permits were granted was \$49,539,913. This was about 6 p.c. lower than the figure for the months January to October, 1938, but it exceeded the total for the first ten months in any other year since 1931. It is interesting to note that the value of the authorizations issued during the first nine months of 1939 was higher than in the same period of 1938, but the unusually large aggregate reported in October, 1938, brought about a reversal of this favourable comparison.

In the table following are given the data for the 58 cities in the period January to October, 1938 and 1939; these monthly figures are unrevised.

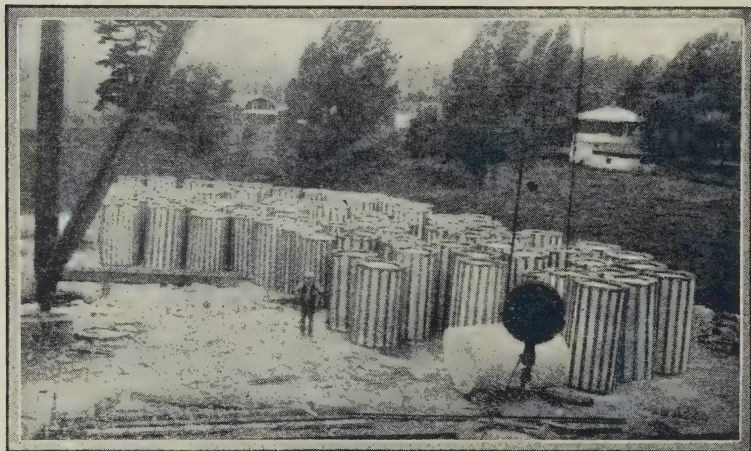
**Building Permits, by Cities, Ten Months, 1938 and 1939**

City	1938	1939	City	1938	1939
	\$	\$		\$	\$
Charlottetown, P.E.I.	89,210	129,488	St. Thomas, Ont.	136,306	145,231
Halifax, N.S.	1,026,187	1,032,402	Sarnia, Ont.	167,078	194,213
New Glasgow, N.S.	65,370	51,283	Sault Ste. Marie, Ont.	275,430	486,557
Sydney, N.S.	468,834	342,403	Toronto, Ont.	6,447,102	6,638,569
Fredericton, N.B.	91,200	104,570	York and East York		
Moncton, N.B.	254,282	432,770	Townships, Ont.	1,290,800	1,659,857
Saint John, N.B.	217,313	425,800	Welland, Ont.	131,274	188,709
Montreal-Maisonneuve,			Windsor, Ont.	931,626	721,626
Que.	8,178,782	7,719,569	Riverside, Ont.	78,500	114,800
Quebec, Que.	1,649,856	2,315,189	Woodstock, Ont.	109,531	312,403
Shawinigan Falls, Que.	245,155	396,375	Brandon, Man.	49,535	74,540
Sherbrooke, Que.	599,950	1,009,150	St. Boniface, Man.	923,765	286,796
Three Rivers, Que.	707,840	957,915	Winnipeg, Man.	1,728,300	2,341,650
Westmount, Que.	453,244	364,913	Moose Jaw, Sask.	46,907	58,059
Belleville, Ont.	108,440	245,146	Regina, Sask.	421,905	563,173
Brantford, Ont.	233,115	207,248	Saskatoon, Sask.	445,840	206,029
Chatham, Ont.	385,276	435,103	Calgary, Alta.	865,896	966,557
Fort William, Ont.	517,840	477,236	Edmonton, Alta.	2,749,770	1,526,625
Galt, Ont.	234,392	238,005	Lethbridge, Alta.	193,937	406,809
Guelph, Ont.	115,556	169,049	Medicine Hat, Alta.	6,510	7,190
Hamilton, Ont.	1,894,092	1,950,405	Kamloops, B.C.	61,862	89,758
Kingston, Ont.	355,521	356,727	Nanaimo, B.C.	101,235	71,143
Kitchener, Ont.	544,165	545,060	New Westminster,		
London, Ont.	584,645	1,603,385	B.C.	654,607	751,730
Niagara Falls, Ont.	307,634	167,383	Prince Rupert, B.C.	270,734	74,815
Oshawa, Ont.	71,250	216,610	Vancouver, B.C.	7,755,440	5,767,281
Ottawa, Ont.	5,006,909	1,790,706	North Vancouver,		
Owen Sound, Ont.	173,876	101,940	B.C.	96,955	95,869
Peterborough, Ont.	375,629	449,237	Victoria, B.C.	667,395	608,297
Port Arthur, Ont.	733,203	390,516			
Stratford, Ont.	74,437	71,095			
St. Catharines, Ont.	325,316	485,249			
			<b>Totals—58 Cities...</b>	<b>52,696,759</b>	<b>49,539,913</b>

The population of these 58 centres constituted about 36 p.c. of the total population of the Dominion as enumerated in the Census of 1931; during the year 1938, their building authorizations amounted to 32.5 p.c. of the total value of the construction contracts awarded throughout Canada. This ratio was rather lower than the average proportion in the years 1920-38 which was 39.4 p.c. In the first ten months of 1939, the proportion was lower than that of 1938, standing at 30 p.c.



Employment in the construction industries, according to statistics from some 1,250 contractors with 125,058 employees, showed rather less fluctuation in 1939 than in the 1938 period, and the index number was ten points higher, averaging 114.7 p.c. of the 1926 average, as compared with 104.7 in the period Jan. 1 to Nov. 1, 1938. Construction in the cities is to a considerable extent limited to work classified in the building division, in which the index of employment averaged 61.0 in the same period of 1939, as compared with 59.2 in the period Jan. 1 to Nov. 1, 1938.



Sectional Granite Pillars Quarried in Quebec and Ready for Shipment.

The wholesale prices of building materials during 1939 were practically the same as in 1938; while they were lower than in the first ten months of 1937 they were higher than in the same period of any preceding year since 1930. Based on the 1926 average as 100, the index of wholesale prices for these commodities averaged 88.9 in the period January to October, 1939, as compared with 89.4 in the first ten months of 1938 and 95.0 in the same period of 1937. The preliminary index of wage rates, as prepared in the Department of Labour, stood at 170.1 p.c. of the 1913 average as compared with 169.4 in 1938.

## CHAPTER XI

### LABOUR—UNEMPLOYMENT RELIEF— OLD AGE PENSIONS

**Dominion Department of Labour.**—The steady growth of industry and labour organization in Canada has been accompanied on an increasing scale by governmental consideration of labour problems. The Dominion Department of Labour was established in 1900. Its duties are to aid in the prevention and settlement of labour disputes, to collect and disseminate information relative to labour conditions, to administer the Government's fair wages policy in regard to wages and hours of labour on government contracts, and to deal with problems involving the interests of workers.



Sewing Room in a Canadian Plant where Rubber Shoes are Manufactured.

*Courtesy, Dominion Rubber Company Limited, Kitchener, Ont.*

Under the first-mentioned of these functions, the Industrial Disputes Investigation Act, enacted in 1907 to promote the settlement of disputes in mines and certain public utility industries, has attracted favourable comment throughout the world. Up to Mar. 31, 1939, 579 threatened disputes had been referred to Boards of Conciliation and Investigation established under its provisions and open breaks had been averted in all but 39 cases. Under a separate statute, entitled the Conciliation and Labour Act, conciliation officers are available to assist in the settlement of labour disputes arising from time to time, and their services have been widely utilized to this end.

The administration of the fair wages policy in regard to government building and construction works is carried out under an Act of Parliament entitled the Fair Wages and Hours of Labour Act, 1935, and in regard to Government contracts for various classes of supplies and equipment,

under the provisions of an Order in Council. The monthly *Labour Gazette* has, since 1900, provided a comprehensive survey of labour conditions in Canada, and is supplemented by various special publications dealing with wages and hours of work, labour organizations, labour laws, etc. The Department also administers the Employment Offices Co-ordination Act, the Technical Education Act, the Government Annuities Act, the Combines Investigation Act, the Dominion relief legislation, and the Youth Training Act, and is charged with the duties arising from relations of Canada with the International Labour Organization of the League of Nations.

**Provincial Departments of Labour.**—Labour legislation in Canada is, for the most part, a matter for the provincial legislatures. In all provinces except Alberta and Prince Edward Island there is a special department or bureau charged with the administration of labour laws. There is little labour legislation in Prince Edward Island, and in Alberta the Department of Trade and Industry administers most of the labour legislation, the Board of Industrial Relations having charge of statutes regulating wages and hours. Legislation for the protection of miners is administered in each province by the department dealing with mines. Minimum-wage legislation for both male and female workers in every province except Nova Scotia and Prince Edward Island is administered by a special board which, in most cases, forms part of the Labour Department. Workmen's compensation laws in all provinces except Prince Edward Island are administered by special boards. In the four western provinces the Workmen's Compensation Boards are independent bodies; in Nova Scotia, Ontario, and Quebec they are under the direction of the Minister of Labour, and in New Brunswick under the Provincial Secretary.

### Gainfully Occupied and Wage-Earners

**Gainfully Occupied.**—Statistics of the gainfully occupied by sex and age are obtained at each decennial census, but for intercensal years estimates are made by applying the percentage of gainfully occupied in the population, as in 1931, to the intercensal estimates of population.

#### Estimated Numbers and Percentages of the Population Normally Gainfully Occupied in each Age Group, 1939

Age Group	Male		Female	
	No.	P.C.	No.	P.C.
	'000		'000	
10-13.....	5	1·11	1	0·13
14.....	13	11·18	2	1·92
15.....	30	26·56	7	6·00
16-17.....	125	55·12	47	20·72
18-19.....	179	80·33	89	40·39
20-24.....	478	92·64	214	42·36
25-34.....	900	97·73	193	21·73
35-44.....	716	97·82	87	12·98
45-54.....	639	96·61	66	11·54
55-64.....	442	90·77	44	10·69
65-69.....	110	75·48	11	8·61
70 or over.....	94	42·00	10	4·59
<b>Totals, 10 Years or Over<sup>1</sup>.....</b>	<b>3,731</b>	<b>76·69</b>	<b>771</b>	<b>17·04</b>

<sup>1</sup> Persons of unstated age are omitted.



Experience has shown that this percentage does not vary much from census to census (especially in the total of gainfully employed, although the numbers at various ages, particularly in the lower age groups, need some adjustment). The table on p. 108 gives estimates of the numbers that, on the above basis, would be normally gainfully occupied in 1939.

**Wage-Earners.**—The number of wage-earners is less than the total gainfully occupied because the latter includes large numbers working on their own account such as farmers, doctors, etc., who are not wage-earners. Again, the number of wage-earners employed at any time depends on industrial activity. Correlation has been made of wage-earners actually employed in June, 1931 (as collected by the Employment Statistics Branch of the Dominion Bureau of Statistics) with the distribution of total wage-earners enumerated in the Census as at work on June 1, 1931. This shows that the employment statistics collected monthly by the Bureau of Statistics from employers having 15 or more persons on their staffs are broadly representative and can therefore be used to estimate reliably the total number of wage-earners employed during intercensal years. On this basis, the estimate of wage-earners employed in the twelve-month period September, 1938, to August, 1939, averaged 2,305,000, which represents 84·7 p.c. of the total wage-earners.

### Estimated Numbers of Wage-Earners actually Employed

Month and Year	Wage-Earners Employed	Per Cent Employed <sup>1</sup>	Month and Year	Wage-Earners Employed	Per Cent Employed <sup>1</sup>
	'000			'000	
Sept. 1937.....	2,587	92·0	Sept. 1938.....	2,402	87·4
Oct. 1937.....	2,577	91·4	Oct. 1938.....	2,359	86·2
Nov. 1937.....	2,504	89·6	Nov. 1938.....	2,346	85·5
Dec. 1937.....	2,377	86·2	Dec. 1938.....	2,225	82·5
Jan. 1938.....	2,300	85·1	Jan. 1939.....	2,193	81·9
Feb. 1938.....	2,225	83·6	Feb. 1939.....	2,193	81·7
Mar. 1938.....	2,163	82·6	Mar. 1939.....	2,161	81·4
Apr. 1938.....	2,212	83·5	Apr. 1939.....	2,186	82·2
May 1938.....	2,304	85·2	May 1939.....	2,329	85·5
June 1938.....	2,338	85·8	June 1939.....	2,385	86·6
July 1938.....	2,368	85·0	July 1939.....	2,419	87·3
Aug. 1938.....	2,378	86·6	Aug. 1939.....	2,461	88·1
<b>Averages.....</b>	<b>2,356</b>	<b>86·4</b>	<b>Averages.....</b>	<b>2,305</b>	<b>84·7</b>

<sup>1</sup> Estimated on the basis of the number of normally gainfully occupied, the proportions employed among labour unions, and the bearing of these factors on general employment among wage-earners in the past.

## Organized Labour in Canada

Until the middle of the nineteenth century only a small number of independent trade unions, for the most part consisting of workmen of a single craft in one locality, had been formed in Canada. From 1850 to 1870 unionism was greatly stimulated by the marked progress of the trade-union movement in Great Britain and in the United States of America. The Dominion's basic trade-union legislation, passed in 1872, was patterned closely after the British statutes of the previous year. At the same time the United States was furnishing Canada with the model for the actual machinery of labour organization, and in this period most of the existing

Canadian local unions affiliated with the American central organizations of their respective crafts. The Trades and Labour Congress of Canada, has been functioning continuously for over half a century as the recognized head and legislative mouthpiece of the internationally organized Canadian workers.

Beginning in 1901 a number of 'national' unions, later known as National Catholic Unions, were organized in the Province of Quebec, and in 1921 a central organization of these unions, known as the Confederation of Catholic Workers of Canada, was established. The Canadian Federation of Labour, formed in 1902, continued as a separate entity for a quarter of a century and then merged with the All-Canadian Congress of Labour, which was established in 1927. In 1936 there was formed a new organization known as the Canadian Federation of Labour.

The total number of organized workers in Canada at the end of 1938 was 385,039, as compared with 384,619 in 1937. International unions had 2,086 branches in the Dominion, with a combined membership of 230,547. Unions operating only in Canada had 1,232 locals, with a combined membership of 154,492.

### Industrial Disputes

During the ten months (January to October, inclusive) of 1939 there were 114 strikes and lockouts, which involved 42,771 workers and caused a loss of 188,250 man working days. During the twelve months of 1938 there were 147 disputes, involving 20,395 workers and causing a time loss of 148,678 working days, and, in 1937, 278 disputes, involving 71,905 workers and causing a time loss of 886,393 working days. The minimum loss in working days since the record was commenced in 1901 was in 1930, when 91,797 working days were lost in 67 disputes, involving 13,768 workers. The maximum loss was in 1919, when 336 disputes involved 148,915 workers and caused a time loss of 3,400,942 working days.

### Dominion Unemployment Assistance Measures, 1939.

#### THE YOUTH TRAINING PROGRAM

**The Youth Training Act, 1939.**—The Dominion-Provincial Youth Training Program was placed on a more permanent footing with the passing by Parliament at its last session of an Act continuing it for three years. The Act, which is entitled the Youth Training Act, 1939, provides an aggregate sum of \$4,500,000 "for the purpose of promoting and assisting in the training of unemployed young people to fit them for gainful employment in Canada". Under the legislation \$1,500,000 will be made available in each of the fiscal years ending Mar. 31, 1940, Mar. 31, 1941, and Mar. 31, 1942.

During the fiscal year ended Mar. 31, 1939 (the second year of the program's operation), an appreciable increase was recorded in the number of young people given training. The grand total in all courses that year was 71,812, as compared with 55,457 in the program's first year. Of the 71,812, 15,878 were trained in projects designed to prepare them for wage-earning employment, while 31,676 took agricultural and rural courses and 24,258 took physical-training courses.

Not only has there been an increase in the number of trainees but expansion in certain of the projects has occurred. Physical-training projects, confined to two provinces during the first year of the program, are now being carried on in five, viz., British Columbia, Alberta, Saskatchewan, Manitoba, and New Brunswick. In five of the provinces courses in air mechanics are actually operating or will shortly open. Training of wireless operators has been carried on in certain of the provinces.

Early in 1939 forestry training became one of the most important projects for reconditioning young men. The sum of \$1,000,000 was provided by parliament to be used for a National Forestry Program during the fiscal year ending Mar. 31, 1940. Of this amount \$600,000 was utilized in forestry projects under the Dominion-Provincial Youth Training Program, the provinces meeting Dominion expenditures on a dollar-for-dollar basis. The remaining \$400,000 was devoted to forestry-training projects in Dominion Forest Experiment Stations and National Parks.

Young men, between the ages of 18 and 25 years, were given instruction in the various branches of forestry work under qualified foresters. They were housed in camps and paid a daily wage. The forestry corps has proven its value during the first year of extended operation both in development and training of Canadian youth and in the preservation of one of Canada's greatest natural resources.

#### THE UNEMPLOYMENT AND AGRICULTURAL ASSISTANCE ACT, 1939

**Material Aid.**—Under the provisions of the Unemployment and Agricultural Assistance Act, 1939, the administration of which is vested in the Minister of Labour, the Dominion is continuing to assist all of the provinces in discharging their responsibilities in connection with the granting of material aid to necessitous persons. Agreements have been entered into with all the provinces providing for a Dominion contribution towards the cost of material aid (which is defined by the agreements as meaning either food, fuel, clothing, and shelter, or cash in lieu thereof) on a dollar-for-dollar basis with the provinces up to a maximum Dominion contribution of 40 p.c. Generally speaking, this means a division of the cost between the three participating governments of 40 p.c. by the Dominion, 40 p.c. by the province, and 20 p.c. by the municipality. The agreements further provide that the Dominion will pay 50 p.c. of expenditures incurred for material aid supplied to individuals within a province who are in necessitous circumstances and have not established provincial residence therein, and will also pay 50 p.c. of the expenditures incurred for the provision of material aid to individuals in necessitous circumstances with provincial residence in a province but currently resident within another province, it being provided that the province shall in each instance also contribute 50 p.c.

Under the terms of the agreements the provinces are required to maintain certain residence regulations, and it is further provided in the agreements that the province shall set an amount as the monthly maximum for material aid to be issued to any one family, which maximum shall be based on the estimated earnings of a man following the occupation of an unskilled labourer within the province. Certain exceptional cases are provided for.



**Municipal Improvement Projects.**—Provision is made in the agreements with all provinces except Ontario, for a Dominion contribution of 50 p.c. of the direct labour costs incurred in the carrying out of approved municipal improvement projects during the fiscal year 1939-40 up to a maximum amount provided in each of the agreements. It is provided that each province shall, as a condition precedent to Dominion contribution, submit a schedule setting forth a description of each project, the estimated total cost, the estimated direct labour cost, and the condition of unemployment then existent in the municipality concerned. The municipality and province must certify that each project is being undertaken primarily to relieve unemployment. The province is required also to contribute 50 p.c. of the direct labour costs, the municipalities absorbing the costs of material and supervision. Schedules are required to be approved by the Minister of Labour before projects may be undertaken.

Provision is made that the Dominion contribution shall apply only to wages paid to unemployed persons in necessitous circumstances, and that said persons shall, as a condition precedent to their employment on authorized municipal improvement projects, be properly certified as unemployed and in necessitous circumstances.

It is the duty of the provinces to see that all persons employed on municipal improvement projects carried out under the terms of the agreements are paid fair wages. In general, the maximum number of hours per day to be worked by any individual is restricted to eight. In no instance shall any employee work in excess of an average of forty-eight hours per week over a period of three consecutive calendar weeks.

**Rehabilitation of Unemployed Higher-Age Individuals.**—Parliament provided funds for the fiscal year 1939-40 for the purpose of restoring the skill, physique, and morale of that group of middle-aged workers who, because of the depression and continued unemployment, find themselves unable to compete in the labour market. The Dominion contributes 50 p.c. of the cost to the province of such rehabilitation plans. Agreements are in effect under the Unemployment and Agricultural Assistance Act, 1939, with the Provinces of Nova Scotia, New Brunswick, Ontario, Manitoba, Saskatchewan, Alberta, and British Columbia. The provinces have initiated such schemes as rustic furniture manufacturing, basket-making, hard-rock mining, forestry and road-making, and a farm chore plan. The Province of Quebec is studying the possibilities of the plan and, it is expected, will submit proposals to the Dominion Government.

**Farm Placements.**—The agreements entered into with the Provinces of Manitoba, Saskatchewan, Alberta, and British Columbia, under the Unemployment and Agricultural Assistance Act, 1938, respecting the placement on farms of unemployed persons who would otherwise be in receipt of aid, expired on Mar. 31, 1939. Under the provisions of the Unemployment and Agricultural Assistance Act, 1939, these agreements were, at the request of the provinces, extended to Apr. 30, 1939. At Sept. 15, 1939, agreements with the four western provinces were in course of negotiation providing for the operation of the Farm Employment Plan during the fall and winter months on a similar basis to the plan in effect in 1938-39. Under the 1938 agreements 31,314 persons were placed under the plan as follows: Manitoba, 9,079; Saskatchewan, 17,038; Alberta, 4,820; and British Columbia, 377. Of the total, 10,178 remained on the farm

after the discontinuance of the plan, viz.: Manitoba, 4,500; Saskatchewan, 4,714; Alberta, 900; and British Columbia, 64.

**Supplementary Plan.**—In order to meet special conditions prevailing in the Province of British Columbia an agreement entered into under the provisions of the Unemployment and Agricultural Assistance Act, 1938, was extended for the period Apr. 1, 1939, to Mar. 31, 1940, by which it was provided that the Dominion would contribute 50 p.c. up to a maximum Dominion contribution of \$250,000 of the cost of certain forestry and road work to provide employment for single, homeless unemployed. During the summer of 1939, 1,000 men were given employment on these projects.

An agreement entered into with the Province of New Brunswick under the Unemployment Relief and Assistance Act, 1936, was revived under the Unemployment and Agricultural Assistance Act, 1939. Provision is made for the carrying on of a forestry project. This agreement, designed to provide employment for single, homeless, unemployed individuals, provides for a Dominion contribution of 50 p.c. of the expenditures of the province incurred on the undertaking during the fiscal year 1939-40 up to a maximum Dominion contribution of \$14,047.

**Relief Settlement.**—The Dominion is continuing to assist the Provinces of Quebec, Manitoba, and Alberta, in placing on the land, under the relief settlement agreements in effect since 1932, selected families who would otherwise be in receipt of material aid. Families and individuals settled up to Sept. 15, 1939, are shown below:—

**Settler Families and Individuals Approved and Settled Under Relief Settlement Agreements up to Sept. 15, 1939**

Province	Settler Families	Total Individuals	Province	Settler Families	Total Individuals
	No.	No.		No.	No.
Nova Scotia.....	343	2,154	Saskatchewan.....	939	4,604
Quebec.....	4,004	23,463	Alberta.....	954	4,493
Ontario.....	606	2,990	British Columbia....	52	285
Manitoba.....	1,583	7,895	<b>Totals.....</b>	<b>8,481</b>	<b>45,884</b>

**Development of Tourist Highways.**—Under the provisions of the Unemployment and Agricultural Assistance Act, 1939, agreements have been entered into by the Dominion with all the provinces except Quebec providing for Dominion contribution to the cost of construction of highways to further the development of tourist traffic. In Quebec the Dominion Department of Public Works is carrying out works of this nature as a Dominion undertaking.

**Mining Roads.**—Agreements are in effect with all the provinces except Prince Edward Island and New Brunswick providing for Dominion contribution to the cost of providing transportation facilities into mining areas. The Dominion's contribution to the undertakings is 66⅔ p.c. of the expenditures of the provinces up to certain maximum amounts provided in each of the agreements.

**Saskatchewan Drought Area—Material Aid.**—An agreement entered into with the Province of Saskatchewan under the Unemployment and Agricultural Assistance Act, 1938, was extended by Order in Council issued pursuant to the provisions of the 1939 Act for the period Apr. 1, 1939,

to Nov. 30, 1939. This agreement, as extended, provides for a contribution of 100 p.c. of the expenditures incurred by the Province in supplying material aid (food, fuel, clothing, and shelter) to persons in necessitous circumstances resident within the area of drought as defined by the agreement. The maximum amount provided by the agreement for the period Apr. 1, 1939, to Nov. 30, 1939, is \$1,500,000.

**Seed Assistance—Saskatchewan.**—An agreement was entered into with the Province of Saskatchewan to provide assistance to the Province for seed and seeding operations in 1939. The agreement provides for a Dominion contribution to the Province in this respect not to exceed \$200,000 and also for a loan to the Province not to exceed \$1,300,000.

**Re-establishment of Settlers.**—Agreements are in effect with the Provinces of New Brunswick, Saskatchewan, Alberta and British Columbia in respect to the re-establishment of settlers. This is a continuation of the policy of the previous two years, the agreements with the four provinces, arrived at under the 1937 Act, being extended. The program is designed to assist settlers in pioneer areas to become self-sustaining. The amounts made available as a 50 p.c. contribution under the agreements for the fiscal year 1939-40 are: New Brunswick, \$30,000; Saskatchewan, \$250,000; Alberta, \$75,000; British Columbia, \$15,000.

## Employment and Unemployment

**Unemployment in Trade Unions.**—Monthly statistics are tabulated in the Department of Labour from reports furnished by trade unions showing the unemployment existing among their members. In the first ten months of 1939, 1,939 organizations reported an average membership of 245,098, of whom 30,782 were, on the average, unemployed; this was a percentage of unemployment of 12.6, compared with 12.7, 10.4 and 13.2 for the first ten months of 1938, 1937, and 1936, respectively.

**Applications, Vacancies and Placements of the Employment Service of Canada.**—Since the Employment Offices Co-ordination Act was passed in 1918 the Dominion Department of Labour, in co-operation with the provinces, has maintained local employment offices in a number of centres throughout the Dominion; the volume of business transacted by these bureaus is regarded as indicative of current labour conditions. Up to Oct. 31, 1939, 661,682 applications for work and 347,087 vacancies were registered at the 76 existing offices, while the placements effected numbered 331,629. In the same period of 1938, 636,266 applications for work, 318,376 vacancies, and 301,442 placements were recorded.

**National Registration.**—The national registration of persons in receipt of aid, which was instituted by the National Employment Commission, is now carried on by the National Registration Branch of the Department of Labour. An initial registration of all persons receiving material aid (direct relief) from the provinces and municipalities, where the Dominion contributes financially to such aid, was made in September, 1936, and monthly returns have since been received from municipalities distributing aid. Re-registrations were carried out in September, 1937, September, 1938, and September, 1939.

In addition to providing data in respect to numbers receiving aid, separated as to urban and agricultural, the national registration has pro-



vided statistical data concerning the degree of employability of adults, domestic status, age, industry, occupation and time of last employment, length of time on aid, and so forth.

The national registration showed a Dominion total on aid for August, 1939, of 808,511\* persons (individuals on their own, heads of families, and wives and other dependants of heads of families), of whom 547,882 were on urban aid and 260,629 were on agricultural aid. These figures do not include persons engaged at wages on works to relieve unemployment. The grand total had increased from 757,635\* for the same period of 1938: the increase was largely due to a change in relief policy in Quebec where works to relieve unemployment were replaced by direct relief. Urban aid showed an increase over the year from 471,099, while the total on agricultural aid had declined from 286,536. Excluding members of agricultural families, persons 16 years of age or over on urban aid reported as fully employable showed an increase across Canada from 124,325 to 143,322.

**Employment, 1938 and 1939.**—Statistics of the number of persons on the payrolls of leading employers throughout the Dominion are tabulated monthly by the Dominion Bureau of Statistics, the record since 1920 extending to manufacturing, logging, mining, transportation, communications, construction and maintenance, services, and trade. This record of employment is a valuable index to the business situation. In the first eleven months of 1939, returns were furnished by some 11,624 establishments employing an average staff of 1,097,298 persons; in the same period of 1938, the employees of the 10,800 co-operating firms had averaged 1,067,400. In the first five months of 1939, the situation was



not so favourable as in the preceding year, but beginning with June, improvement in this comparison was shown each month. The employment index (1926 = 100) averaged 113.0 in the first eleven months of 1939, compared with 111.6 in the same period of 1938. The 1939 figure was fractionally lower than that of 113.4 in the Jan. 1 to Nov. 1 period of 1937, but was higher than that for any other year since 1930.

\*Not including figures for New Brunswick, which has substituted a works program for material aid assistance; also figures for Quebec are subject to minor revision.

**Employment by Economic Areas.**—In most of the provinces, employment averaged higher in the first eleven months of 1939 than in 1938; however, in Ontario the index was fractionally lower, while in New Brunswick there was a greater falling-off in that comparison, mainly due to curtailment in logging operations. Improvement over 1937 was shown in Quebec and the western provinces, but elsewhere employment was in smaller volume. In all five economic areas, industrial activity was at a higher level than in 1936 and the years immediately preceding.

### Index Numbers of Employment as Reported by Employers, by Economic Areas, as at the First of each Month

NOTE.—These indexes are calculated upon the average for the calendar year 1926 as 100. The relative weight shows the proportion of employees reported in the indicated economic area to the total reported by all employers making returns in Canada at Nov. 1, 1939.

Year and Month	Maritime Provinces	Quebec	Ontario	Prairie Provinces	British Columbia	Canada
<b>1929—Averages.....</b>	<b>114.8</b>	<b>113.4</b>	<b>123.1</b>	<b>126.3</b>	<b>111.5</b>	<b>119.0</b>
<b>1930—Averages.....</b>	<b>118.3</b>	<b>110.3</b>	<b>114.6</b>	<b>117.1</b>	<b>107.9</b>	<b>113.4</b>
<b>1933—Averages.....</b>	<b>85.3</b>	<b>82.0</b>	<b>84.2</b>	<b>86.2</b>	<b>78.0</b>	<b>83.4</b>
<b>1934—Averages.....</b>	<b>101.0</b>	<b>91.7</b>	<b>101.3</b>	<b>90.0</b>	<b>90.4</b>	<b>96.0</b>
<b>1935—Averages.....</b>	<b>103.7</b>	<b>95.4</b>	<b>103.3</b>	<b>95.2</b>	<b>97.7</b>	<b>99.4</b>
<b>1936—Averages.....</b>	<b>109.4</b>	<b>100.7</b>	<b>106.7</b>	<b>99.3</b>	<b>101.1</b>	<b>103.7</b>
<b>1937—Averages.....</b>	<b>121.0</b>	<b>115.4</b>	<b>118.3</b>	<b>99.3</b>	<b>106.8</b>	<b>114.1</b>
<b>1938—</b>						
Dec. 1.....	109.8	121.7	114.4	103.5	105.8	114.0
<b>Averages, 12 mos.....</b>	<b>111.5</b>	<b>117.0</b>	<b>113.7</b>	<b>100.0</b>	<b>104.2</b>	<b>111.8</b>
<b>1939—</b>						
Jan. 1.....	109.2	114.9	108.8	97.1	98.0	108.1
Feb. 1.....	100.5	113.0	109.2	93.9	96.2	106.5
Mar. 1.....	101.2	112.8	109.1	94.3	96.7	106.5
Apr. 1.....	99.7	109.4	108.0	91.7	100.5	104.9
May 1.....	100.2	111.6	107.9	94.5	103.3	106.2
June 1.....	108.4	121.0	113.6	101.0	106.6	113.1
July 1.....	115.9	124.0	114.7	104.0	111.0	115.8
Aug. 1.....	115.6	126.4	114.2	109.4	117.0	117.5
Sept. 1.....	116.4	128.5	116.2	114.0	116.6	119.6
Oct. 1.....	117.9	126.4	121.4	116.4	118.7	121.7
Nov. 1.....	117.9	131.5	124.4	112.7	115.5	123.6
<b>Averages, 11 mos.....</b>	<b>109.4</b>	<b>120.0</b>	<b>113.4</b>	<b>102.6</b>	<b>107.3</b>	<b>113.0</b>
Relative Weight by Economic Areas as at Nov. 1, 1939....	7.2	31.2	41.0	12.2	8.4	100.0

**Employment by Cities.**—In the months Jan. 1 to Nov. 1, 1939, the situation reported in Montreal, Quebec City, Toronto, Ottawa, and Vancouver was more favourable than in 1938; there was little general change in Winnipeg, while in Hamilton and Windsor employment was slacker. As compared with 1937, activity on the whole was lower in Hamilton, Windsor, and Winnipeg, and higher in Montreal, Quebec City, Toronto, Ottawa, and Vancouver; employment in these cities generally was brisker than in 1936.

**Employment by Industries.**—In the first eleven months of 1939, the index in manufacturing averaged 111.4, compared with 111.1 in 1938 and 114.3 in 1937; the figure for Nov. 1, 1939, was higher than in any other month for which data are available, slightly exceeding the previous maximum recorded at Oct. 1, 1937. Except in a few instances, employment in the various branches of manufacturing was in greater volume in the latter part of 1939 than in the same period in 1938, and in many cases, the situation was also more favourable than in the latter months of 1937, when industrial activity had been at an exceptionally high level.

Among the non-manufacturing industries, mining, transportation, construction, services, and trade afforded more employment than in the first eleven months of 1938; in most of these, the indexes were also higher than in 1937. Despite improvement in logging during the last few months of 1939, that industry was generally quieter than in 1938 and earlier years since 1933.

**Index Numbers of Employment as Reported by Employers, by Industries, as at the First of each Month**

Year and Month	Manu- factur- ing	Logging	Mining	Com- muni- cations	Trans- porta- tion	Con- struc- tion and Main- tenance	Service	Trade	All Indus- tries
<b>1929—Averages...</b>	<b>117.1</b>	<b>125.8</b>	<b>120.1</b>	<b>120.6</b>	<b>109.7</b>	<b>129.7</b>	<b>130.3</b>	<b>126.2</b>	<b>119.0</b>
<b>1930—Averages...</b>	<b>108.9</b>	<b>108.0</b>	<b>117.8</b>	<b>119.8</b>	<b>104.6</b>	<b>129.8</b>	<b>131.6</b>	<b>127.7</b>	<b>113.4</b>
<b>1933—Averages...</b>	<b>80.9</b>	<b>66.5</b>	<b>97.5</b>	<b>83.9</b>	<b>79.0</b>	<b>74.6</b>	<b>106.7</b>	<b>112.1</b>	<b>83.4</b>
<b>1934—Averages...</b>	<b>90.2</b>	<b>124.7</b>	<b>110.8</b>	<b>79.1</b>	<b>80.3</b>	<b>109.3</b>	<b>115.1</b>	<b>117.9</b>	<b>96.0</b>
<b>1935—Averages...</b>	<b>97.1</b>	<b>126.9</b>	<b>123.3</b>	<b>79.8</b>	<b>81.2</b>	<b>97.8</b>	<b>118.2</b>	<b>122.1</b>	<b>99.4</b>
<b>1936—Averages...</b>	<b>103.4</b>	<b>138.7</b>	<b>136.5</b>	<b>81.0</b>	<b>84.1</b>	<b>88.2</b>	<b>124.5</b>	<b>127.4</b>	<b>103.7</b>
<b>1937—Averages...</b>	<b>114.4</b>	<b>189.3</b>	<b>153.2</b>	<b>85.4</b>	<b>85.2</b>	<b>99.5</b>	<b>130.2</b>	<b>132.1</b>	<b>114.1</b>
<b>1938—</b>									
Dec. 1.....	110.1	166.4	163.3	84.0	85.0	112.8	131.7	139.7	114.0
<b>Averages, 12 mos.</b>	<b>111.0</b>	<b>142.8</b>	<b>155.9</b>	<b>85.0</b>	<b>84.4</b>	<b>105.4</b>	<b>135.2</b>	<b>132.6</b>	<b>111.8</b>
<b>1939—</b>									
Jan. 1.....	104.3	150.6	160.4	83.3	79.9	96.4	131.7	144.8	108.1
Feb. 1.....	106.0	143.0	160.5	81.2	79.4	89.4	129.5	131.0	106.5
Mar. 1.....	107.0	108.8	160.9	80.8	80.3	94.3	128.5	128.9	106.5
Apr. 1.....	107.1	64.0	157.4	81.2	79.3	91.6	131.4	131.1	104.9
May 1.....	108.4	51.0	155.8	82.0	81.4	94.2	133.2	135.1	106.2
June 1.....	111.4	97.1	160.5	83.8	86.5	115.3	141.8	136.6	113.1
July 1.....	111.3	95.3	164.1	86.0	87.6	133.1	147.6	137.4	115.8
Aug. 1.....	112.8	73.5	165.6	87.5	87.5	146.3	149.8	135.5	117.5
Sept. 1.....	115.3	60.3	168.0	87.3	90.0	152.2	151.7	134.9	119.6
Oct. 1.....	119.7	115.6	170.3	87.5	94.8	131.5	136.1	138.6	121.7
Nov. 1.....	122.1	206.4	171.0	86.7	90.6	117.6	135.2	140.2	123.6
<b>Averages, 11 mos.</b>	<b>111.4</b>	<b>106.0</b>	<b>163.1</b>	<b>84.3</b>	<b>85.2</b>	<b>114.7</b>	<b>137.9</b>	<b>135.8</b>	<b>113.0</b>
Relative Weight by Industries as at Nov. 1, 1939 <sup>1</sup> .	51.9	5.0	6.6	1.9	9.1	11.8	2.5	11.2	100.0

<sup>1</sup> See headnote to table on p. 116

## Old Age Pensions and Pensions for Blind Persons

**The Old Age Pensions Act, 1927.**—The Act provides for a Dominion-Provincial system of non-contributory old age pensions in such provinces as have enacted and given effect to special legislation for this purpose. The provinces are charged with the payment of pensions, the Dominion reimbursing each province, quarterly, to the extent of 75 p.c.\* of the net cost of its payments on account of old age pensions. All the provinces are now operating under such agreements. Old age pensions are also payable in the Northwest Territories. Authority was given to the Gold Commissioner of the Yukon in 1927 to enter into an agreement with the Dominion Government for the purpose of obtaining the benefit of the Old Age Pensions Act, but no scheme has as yet been formulated.

\*The proportion to be paid by the Dominion as set forth in the Act of 1927 was one-half, but this was increased at the 1931 session of Parliament to 75 p.c., which increase was made effective from Nov. 1, 1931.



## Statement of Old Age Pensions, as at June 30, 1939

Province	Effective Date	Pensioners	Average Monthly Pension	Dominion Government Contributions	
				Apr. 1 to June 30, 1939	From Inception of Act
		No.	\$	\$	\$
Prince Edward Island.....	July 1, 1933	1,901	11.05	46,801	905,769
Nova Scotia.....	Mar. 1, 1934	14,252	14.75	469,709	9,148,324
New Brunswick.....	July 1, 1936	11,597	14.27	371,945	4,014,281
Quebec.....	Aug. 1, 1936	47,879	17.86	1,911,630	20,279,986
Ontario.....	Nov 1, 1929	58,249	18.50	2,405,314	70,870,426
Manitoba.....	Sept. 1, 1928	12,330	18.64	509,491	15,203,498
Saskatchewan.....	May 1, 1928	12,321	16.60	465,175	13,728,273
Alberta.....	Aug. 1, 1929	10,374	18.45	425,190	10,137,898
British Columbia.....	Sept. 1, 1927	12,726	19.22	541,961	14,525,987
Northwest Territories.....	Jan. 25, 1929	7	20.00	430	15,371
<b>Totals.....</b>	-	<b>181,636</b>	-	<b>7,147,646</b>	<b>158,829,814</b>

**Pensions for Blind Persons.**—By an amendment to the Old Age Pensions Act, assented to Mar. 31, 1937, provision is made for the payment of pensions, under certain conditions, to blind persons who have attained the age of forty years. The maximum pension payable to blind persons is \$240 a year which is subject to reduction by the amount of the pensioner's income in excess of \$200 a year in the case of an applicant who is unmarried or is a widower or a widow without a child or children, and by the amount of income in excess of \$400 a year in the case of an applicant who is married or a widower or widow with a child or children. The Act provides for a reduced pension to a blind person who marries another blind person subsequent to the date on which the Act came into force.

Pensions for blind persons are administered by the provincial authorities under agreements made by the Lieutenant-Governors of the provinces with the Governor in Council. The Dominion Government assumes responsibility for 75 p.c. of the net sum paid out by the provinces for pensions to blind persons. Operations to June 30, 1939, are shown below.

## Statement of Pensions for Blind Persons, as at June 30, 1939

Province	Effective Date	Pensioners	Average Monthly Pension	Dominion Government Contributions	
				Apr. 1 to June 30, 1939	From Inception of Amendment
		No.	\$	\$	\$
Prince Edward Island.....	Dec. 1, 1937	102	14.07	3,155	14,334
Nova Scotia.....	Oct. 1, 1937	506	19.13	21,577	107,980
New Brunswick.....	Sept. 1, 1937	549	19.63	24,583	120,093
Quebec.....	Oct. 1, 1937	1,494	19.52	66,226	386,706
Ontario.....	Sept. 1, 1937	1,211	19.46	53,632	291,330
Manitoba.....	Sept. 1, 1937	228	19.54	9,554	49,473
Saskatchewan.....	Nov. 15, 1937	221	19.88	10,103	48,048
Alberta.....	Mar. 7, 1938	160	19.57	6,747	26,036
British Columbia.....	Dec. 1, 1937	251	19.16	10,639	50,988
<b>Totals.....</b>	-	<b>4,722</b>	-	<b>206,216</b>	<b>1,094,988</b>

## CHAPTER XII

### TRANSPORTATION AND COMMUNICATIONS

**Steam Railways.**—Over half of the railway mileage in Canada is owned and operated by the Dominion and Provincial Governments and the remainder by incorporated companies. The Canadian Northern, Grand Trunk Pacific, and Grand Trunk Railway Companies were taken over by the Dominion Government in 1917, 1919, and 1920, respectively. The mileage of these three systems was close to 16,000 miles, but after amalgamation considerable mileage of duplicating lines was removed. The National Transcontinental, with over 1,800 miles of line, was constructed by the Dominion Government but under a contract to lease it to the Grand Trunk Railway Company. From time to time, several smaller companies were unable to continue operation and were taken over by the Dominion and Provincial Governments. The Intercolonial in the east and the Hudson Bay Railway in the west were built by the Dominion Government under agreements with the provinces and have been operated by the Government accordingly, but these constitute a small part of the total mileage now publicly owned and operated. The mileage of railways publicly operated as at Dec. 31, 1938, was as follows: Dominion, 22,812 miles; provincial, 922 miles; municipal, 92 miles; total, 23,826. The mileage operated by incorporated companies was 18,916, the principal private system being the Canadian Pacific Railway with 16,718 miles of line. The total of 42,742 miles with an estimated population of 11,209,000 gives Canada an average of 3.81 miles per 1,000 population which is second only to Australia with an average of 4.10 miles, and close to twice the average for the United States.

With the exception of western grain rates, which are fixed by statute, the railway freight, passenger, and express rates are under the jurisdiction of the Board of Transport Commissioners. This Board also controls safety features of operation, frequency of railway service, abandonment of lines, and so forth. It also has jurisdiction over rates and service of telegraph, telephone, commercial aviation, and over freight rates of certain classes of water carriers on the Great Lakes and St. Lawrence River.

Freight traffic on the railways reached a peak of 118,652,969 tons in 1928, declined steadily to 1933 and increased somewhat for the next four years, but dropped back to 76,175,305 tons in 1938. Passenger traffic has declined quite consistently since 1919 and in 1938 only 20,911,196 passengers were carried, which was only about half of the number carried ten years earlier, and only 41 p.c. of the number carried in 1920.

Reduced traffic has lowered the revenues from a high of \$534,106,045 in 1929 to \$233,133,108 in 1933 and \$336,833,400 in 1938. Without corresponding reductions in operation expenses, net incomes declined rapidly. Deficits of the Canadian National system increased and dividends of the Canadian Pacific were reduced or passed entirely.

The number of employees declined from a high point of 187,846 in 1929 with wages of \$290,732,500, to 127,824 in 1938 with a total payroll of \$195,108,351.

The table below shows the gross revenues and the numbers of cars of revenue freight loaded for 1937, 1938, and the months of 1939 for which data are available.

**Railway Statistics, by Months, 1937-39**

Month	Railway Gross Operating Revenues			Total Revenue Car Loadings		
	1937	1938	1939	1937	1938	1939
	\$ '000	\$ '000	\$ '000	No. '000	No. '000	No. '000
January.....	25,140	24,362	23,798	192	187	171
February.....	24,710	23,316	22,652	186	180	160
March.....	28,691	25,925	25,700	214	200	191
April.....	29,458	25,192	25,191	208	185	179
May.....	29,257	25,445	29,680	209	190	215
June.....	28,253	24,577	26,160	214	187	195
July.....	29,405	25,773	27,794	219	183	196
August.....	29,211	28,439	29,774	231	213	229
September.....	32,882	34,504	42,960	262	250	295
October.....	34,781	37,609	-	260	257	270
November.....	30,585	30,431	-	235	219	248
December.....	28,969	27,521	-	204	178	-

**Electric Railways.**—Horse-drawn street cars were operated in Montreal and Toronto in 1861 and the first electric street car system was operated between Windsor and Walkerville in 1886. St. Catharines was second to Windsor and had electric street cars in 1887; Victoria was third (February, 1890); and Vancouver fourth (June, 1890).

The number of municipalities serviced with electric street cars increased steadily and in 1919 there were 66 separate systems in urban and interurban service. The rapid development of paved streets and highways and of motor vehicles showed effects, traffic fell off, and, one after another, electric systems ceased operation or substituted motor buses. In 1938 only 38 systems were operating and of these 23 were using motor buses to take care of part of the service.

The latest development has been a revival of the trackless trolley bus, which is a pneumatic-tired vehicle operated through double overhead wires and two trolley poles. These vehicles have been in use in England and in other countries for many years but have only recently been adopted by Canadian companies. At the end of 1938 the Montreal and Winnipeg systems were operating trackless trolley buses and Edmonton began operating this class of vehicle in 1939.

The total number of passengers carried in 1938 was 629,778,738, of which 33 p.c. was carried by the Montreal system and 25 p.c. by the Toronto system.

The total investment for 1938 amounted to \$204,606,491, gross earnings to \$42,537,767 and miles of track to 1,693.

**Express Companies.**—Express service might be defined as an expedited freight service on passenger trains. Services provided by the Canadian National, Canadian Pacific, and Northern Alberta Railways and by the Railway Express Agency on United States lines in Canada operate over 65,024 miles of railway, steamer, motor-vehicle, and aircraft routes. In addition to handling freight ranging from small packages to carloads of fish, fruit, race horses, etc., money orders are sold and redeemed. Total



revenues for 1938 amounted to \$17,674,477, employees numbered 4,678, and the payroll, including part-time wages, amounted to \$7,222,887.

**Roads and Highways.**—Construction of roads suitable for motor traffic has been one of the principal items of provincial expenditures during the past twenty years. The Dominion Government has built roads in national parks and has granted subsidies to the provinces, first in 1920 and again as an unemployment relief measure in 1930-38, but has not constructed any rural roads outside of Dominion lands.

During 1919-37, the total expenditures for construction and maintenance amounted to \$895,098,330 by the provinces, exclusive of Prince Edward Island, for which data are not available (an estimate of \$6,000,000 for that province would be not far astray), \$191,189,016 by Ontario rural municipalities, and \$21,403,530 by the Dominion Government—a total of \$1,107,690,876.



The New Pattullo High-level Bridge.—The old Westminster bridge (now a railway bridge exclusively) can be seen in the background. M.S. *Hikawa Maru*, one of the combination passenger-freighter vessels of the Nippon Yusen Kaisha Line, is shown passing under the bridge from the Port of New Westminster.

*Courtesy, New Westminster Harbour Commissioners*

The mileage at the end of 1937 was 114,032 miles of surfaced roads, 296,280 miles of improved earth roads, and 148,728 miles of unimproved earth roads. Of the surfaced roads, 92,989 miles were gravel or crushed stone, 8,715 bituminous surfaces, 2,466 portland cement, concrete, and sheet asphalt, and the remainder were other surfaces.

The expenditures for 1937 amounted to \$95,020,812, including \$61,955,555 for construction of roads, \$7,472,627 for construction of bridges, \$20,239,174 for maintenance of roads, \$2,191,032 for maintenance of bridges, \$36,972 for foot paths and sidewalks, and the remainder for administration and general expenses.

**Motor Vehicles.**—The number of motor vehicles registered in Canada has increased steadily and rapidly from 3,054 in 1908 to 276,893 in 1918,

1,069,343 in 1928, and 1,394,853 in 1938, an average of one vehicle for each 8.1 persons. This density is exceeded only by the United States 4, New Zealand 7, and Hawaiian Islands 7.

Preliminary provincial data for 1938 show \$26,230,196 collected from motor-vehicle registrations, drivers' permits, etc., and \$41,247,688 from gasoline tax, a total of \$67,477,884.

During 1938 there were 1,545 persons killed in motor-vehicle accidents. This number was exceeded only in 1937 when there were 1,633 fatal motor-vehicle accidents.

### Motor Vehicles Registered in Canada, in Recent Calendar Years

Year	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Canada <sup>1</sup>
1920....	1,418	12,450	11,121	41,562	177,561	38,257	60,325	38,015	28,000	408,790
1925....	2,947	22,745	18,863	97,418	342,174	50,884	77,940	54,538	56,427	724,048
1930....	7,376	43,029	34,699	178,548	562,506	78,850	127,193	101,119	98,938	1,232,489
1931....	7,744	43,758	33,627	177,485	562,216	75,210	107,830	94,642	97,932	1,200,668
1932....	6,982	41,013	28,041	165,730	531,597	70,840	91,275	86,781	91,042	1,113,533
1933....	6,940	40,648	26,867	160,012	520,353	68,590	84,944	86,041	88,554	1,083,178
1934....	7,206	41,932	29,094	165,526	542,245	70,430	91,461	89,369	92,021	1,129,532
1935....	8,231	43,952	31,227	170,644	564,076	70,660	94,792	93,870	98,411	1,176,116
1936....	7,632	46,179	33,402	181,628	590,226	74,940	102,270	97,468	106,079	1,240,124
1937....	8,011	50,048	36,780	197,917	623,918	80,860	105,064	100,434	116,341	1,319,702
1938....	7,992	51,214	37,110	205,463	669,088	88,219	109,014	107,191	119,220	1,394,853

<sup>1</sup> Includes Yukon.

**Canals.**—Canals were the earliest large transportation works in Canada. One of the first locks was a small one constructed by the Hudson's Bay Co. at Sault Ste. Marie which was destroyed by United States troops in 1814. Another was built at the Lachine Rapids in the St. Lawrence above Montreal in 1825, followed by the Welland Canal in 1829 to overcome the obstacle of Niagara Falls. The Rideau Canal (military in primary purpose), the St. Lawrence System, and the Chambly Canal followed. To-day there are six canal systems under the Dominion Department of Transport, namely: (1) between Fort William and Montreal, (2) from Montreal to the International Boundary near Lake Champlain, (3) from Montreal to Ottawa, (4) from Ottawa to Kingston, (5) from Trenton to Lake Huron, and (6) from the Atlantic Ocean to Bras d'Or Lakes in Cape Breton. These canals have opened to navigation from the Atlantic about 1,890 miles of waterways. Under the Department of Public Works or other authority are minor canals and locks to facilitate local navigation on disconnected waterways. Among projected canals the most important are those connected with the deepening of the St. Lawrence waterway.

The Great Lakes and St. Lawrence River form one of the busiest waterways in the world. More traffic passes up and down the Detroit River than any other waterway and the traffic through the canals at Sault Ste. Marie in 1929 reached a peak of 92,616,898 tons, more than through the Panama and Suez Canals combined. The greater part of this traffic is iron ore from Lake Superior to United States ports on Lake Erie and return cargoes of coal, and grain down-bound destined to St. Lawrence ports, Buffalo, Port Colborne, and other lower lake ports.





## The Royal Train

The Royal Train, on board which His Majesty King George VI and Her Majesty Queen Elizabeth made their tour of Canada and the United States in the spring of 1939, was the handsomest and most completely appointed train ever to run on rails on this Continent.

Coloured a rich blue and silver from one end to the other, with gunmetal roof, chromium handrails, light-coloured treads on the steps, and streamlined throughout its entire length, the Royal Train was a beautiful example of the art and ingenuity of the shops of the Canadian railways. Extension of the colour scheme to the locomotive and the carrying of the Royal Coat-of-Arms on the front of the locomotive as well as on the sides of the two cars occupied by Their Majesties, completed its regal appearance.

Into the making of this train, which drew from Their Majesties the comment that it was the most beautiful and comfortable train on which they had ever travelled, went all the craftsmanship of the Car Equipment and Locomotive Departments of Canada's two great railway companies. It was a twelve-car train, the two rear cars of which, numbered 1 and 2, were occupied by Their Majesties. Car No. 1 comprised an observation end, radio equipped and tastefully furnished, and two adjoining bedrooms each with its private dressing room. There were also two bedrooms for members of the private staff of Their Majesties. Car No. 2 had a large lounge at the rear, an office, a dining room and kitchen, and two bedrooms with bathroom for members of the Royal staff.

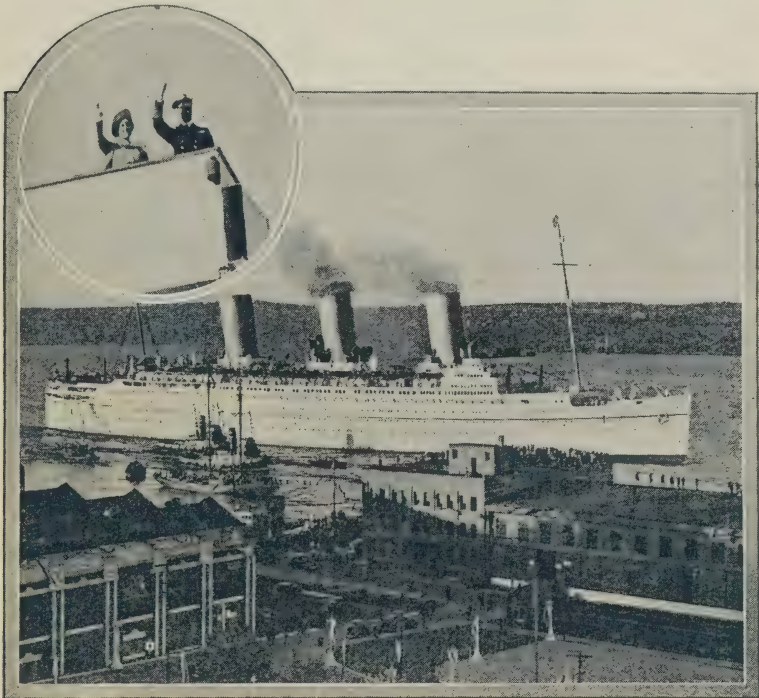
Members of the Royal entourage, the Prime Minister of Canada, his secretariat and other members of the Government, and officials concerned with the details of the tour, together with the train crew, occupied the other cars.

The train was air-conditioned throughout. It carried its own electric generating equipment. It had its own telephone switchboard with intercommunication between the cars and with land communication. On their car Their Majesties were able to keep in touch with not only members of the Royal suite on board the train, but with members of the Royal Family and the Government in Great Britain.

Running half an hour ahead of the Royal Train throughout the tour was a companion train known as the Pilot Train, which carried the newspaper correspondents covering the Royal Tour, members of the protective forces, railroad and other officials. Although not as elaborate as the Royal Train, the Pilot Train also had telephone facilities, its own electric generating set, a photographic darkroom, and a Royal Train post office through which many hundred thousand pieces of mail passed.

*Courtesy, Canadian National Railways and  
Canadian Pacific Railway Company*

The maximum draught of vessels plying between the lakes is governed by channels in the Detroit and St. Mary's Rivers, and is limited to about 21 feet. Since 1932 when the New Welland Ship Canal, with 25 feet in the stretches between locks (the locks have 30 feet of water above the sills), was opened, large upper-lake vessels have passed down as far as Prescott. The St. Lawrence canals have a depth of 14 feet (reduced in periods of low water) so that ocean vessels, except of very small tonnage, cannot sail up into the lakes; a few such vessels have been engaged in the Great Lakes traffic for several years, bringing over cargoes from European ports. Traffic using the St. Lawrence canals reached a new high record in 1938 with 9,236,318 tons. Traffic using the Welland Ship Canal has increased steadily, the total of 12,629,054 tons for 1938 being more than double the 1930 traffic and over five times the 1920 traffic.

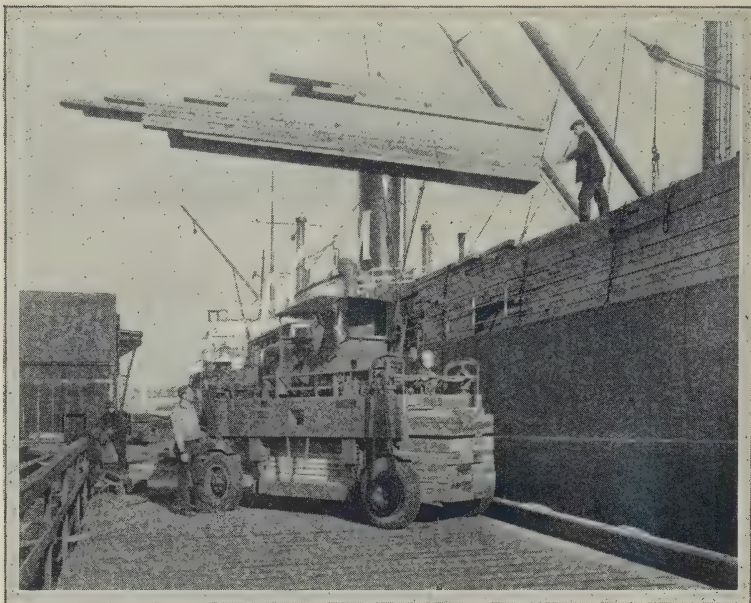


The *Empress of Britain* as she left Halifax Harbour conveying Their Majesties back to England after the Royal Tour of Canada, June 15, 1939. Inset: Their Majesties waving good-bye to Canada.

*Courtesy, Canadian Government Motion Picture Bureau.*

**Shipping.**—Each of the years ended Mar. 31, 1934, 1935, 1936, and 1937 showed an increase over the preceding year in respect of tonnage of sea-going and inland international vessels entered and cleared at Canadian ports, but 1938 showed a somewhat lower figure, viz., 91,369,266 tons compared with 94,586,746 tons in 1937. The coasting vessels have also shown a decrease for 1938, the figures being 88,731,613 tons compared with 91,421,172 registered net tons in 1937.

The vessels on the Canadian Shipping Registry in 1902 numbered 6,836, with a total of 652,613 tons. There was a fairly steady increase to 8,573 in 1919, followed by a decrease to 7,482 in 1921; since 1921 there has been an increase to 10,127, representing 1,274,163 tons in 1938.



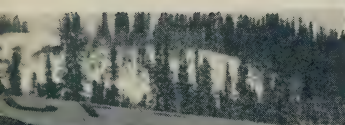
A Modern Lumber-Carrier at a Canadian Dockyard.

*Courtesy, New Westminster Harbour Commissioners*

**Telegraphs.**—Canada's first telegraph line was erected in 1846-47 between Toronto, Hamilton, St. Catharines, and Niagara. In 1847, also, the Montreal Telegraph Co. was organized and a line built from Quebec to Toronto. Other lines were built rapidly and eventually came under the single control of the Great Northwestern Telegraph Co., which remained alone in the field until the building of the Canadian Pacific railway and the Canadian Government telegraph lines. In 1938, there were 373,283 miles of telegraph wire in Canada, handling 12,845,224 telegrams, and the cable companies handled 1,404,244 cablegrams, the majority of which are forwarded to destination by the telegraph companies. The gross revenue amounted in 1938 to \$10,611,207. Six transoceanic cables have termini in Canada, 4 on the Atlantic and 2 on the Pacific. There are also 18 other cables from Atlantic ports to Newfoundland, St. Pierre and Miquelon, Bermuda, and United States and Canadian ports. There are also radio stations open for commercial traffic, mostly government-owned, but operated in part by the Marconi Wireless Telegraph Company, in addition to stations operated in connection with shipping, or private commercial stations operated by canneries, logging companies, etc. The number of wireless messages handled is now over 300,000 a year.



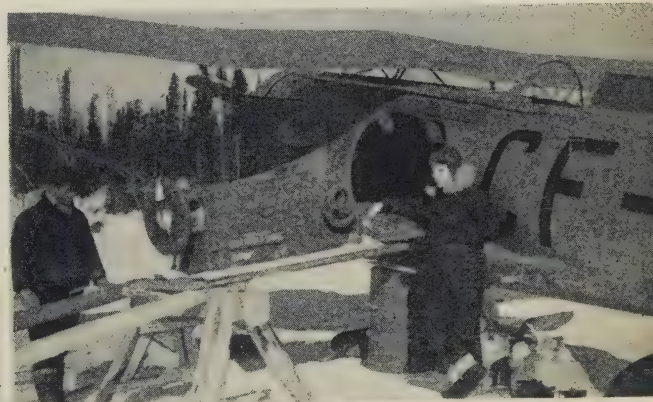
Aircraft at East Main River near  
James Bay, Quebec.



Mining Supplies being Delivered  
at Rose Lake, Quebec.

## TRANSPORTING MACHINERY AND SUPPLIES TO NORTHERN CANADA BY AIR

Mining Machinery being Unloaded  
at Doré Lake, Saskatchewan.



Loading Radium Concentrates  
in Bellanca "Air Cruiser" at  
Great Bear Lake,  
Northwest Territories.

*Courtesy, Department  
of Transport*

**Telephones.**—The discovery of the telephone was, in regard to its main principles and the first electrically recorded transmission of the human voice, made in Canada, although Alexander Graham Bell was a resident of the United States at the time of its recorded invention. The first long-distance talk was conducted by Alexander Graham Bell between Brantford and Paris, a distance of eight miles, on Aug. 10, 1876. Telephone development in Canada, however, dates only from 1880. In 1883 there were but 4,400 rental-earning telephones, 44 exchanges, and 40 agencies, with 600 miles of long-distance wire. In 1937 telephones numbered 1,322,794 with a wire mileage of 5,307,884, the investment being \$335,810,564. The Prairie Provinces have well-organized government systems.

**Air Navigation.**—The aeroplane has provided a vastly-improved means of transportation in the undeveloped northern areas of Canada where the only alternatives were canoe in summer and dog team in winter. Air travel soon proved not only much quicker, but much cheaper, and a rapid expansion took place without the aid of government subsidy. The mileage flown by aircraft increased from 185,000 in 1922 to 12,294,088 in 1938, when 139,706 passengers, 21,704,587 lb. of freight, and 1,901,711 lb. of mail were carried. Furthermore, the aeroplane has proved a great boon to Canada in the administrative field for the development and conservation of her vast natural resources. Aerial forest-fire patrols are now carried on over large parts of almost every province; fishery patrols by aeroplane protect territorial waters and enforce fishing regulations; and by the use of aeroplanes equipped with special cameras, preliminary surveys, which would have taken years by the older methods, are now made quickly over large tracts of difficult country. This development in Canada has differed from that in other countries where air traffic between the chief centres of population has received most attention. The Trans-Canada Airway is designed to facilitate progress along this line.

**Trans-Canada Airway.**—The Trans-Canada Airway is now in operation from Vancouver to Montreal and Moncton. Intermediate aerodromes lighted for night flying are established at approximately one-hundred-mile intervals. Meteorological services provide weather maps four times daily and district forecasts for the ensuing six hours. As part of the facilities of the Trans-Canada route and its feeders, there are now in operation thirty radio range stations at approximately one-hundred-mile intervals, except in the mountain regions where closer spacing is necessary.

Work on the section east of Montreal is nearing completion and, it is expected, will be in operation by the end of 1939. A new aerodrome is under construction at Charlottetown and the municipal airports at Saint John and Halifax are being enlarged and improved.

A mail, express, and passenger service was inaugurated on Mar. 1, 1939, between Vancouver and Montreal. Passengers may leave Montreal at 8:30 p.m. and arrive the following morning at Vancouver at 11:05 a.m. A daily service from Edmonton to Lethbridge and from North Battleford, Prince Albert, and Moose Jaw to Regina and from Toronto to North Bay connect with the main trunk service. In addition to these services, there are thirty-five scheduled mail and passenger services operating in Canada serving, not only the main centres of population, but also the remoter districts where mining activity is great, and giving fast, reliable transportation to all parts of the Dominion.

## THE TRANS-CANADA AIRWAY



Trans-Canada  
Airways  
Aeroplanes at  
Vancouver.

Trans-Canada  
Aircraft at  
Vancouver.



A Trans-Canada  
Airways Lockheed 14  
Machine over  
Manitoba Prairie.

*Courtesy, Civil Aviation Branch, Department of Transport, and Post Office Department*

**National Radio.**—When the Canadian Broadcasting Corporation replaced the Canadian Radio Broadcasting Commission, on Nov. 21, 1936, national radio broadcasting entered a second phase in Canada. Established on a basis similar to that of the British Broadcasting Corporation, the new



organization has now a Board of nine Governors, a General Manager, and an Assistant General Manager.

The Board of Governors (members are appointed for three years in rotation) acts as "trustee of the national interest in broadcasting", and is responsible for the policies of the Corporation. It is thus the guarantee to the public that broadcasting is being administered in a non-partisan and business-like manner. Members of the Board of Governors are unpaid. The CBC is responsible to Parliament through the Minister of Transport.

Marked progress has been made towards improvement in coverage, reception, and program service. The most important technical developments of the past two years have been the inauguration of four 50,000-watt transmitting stations: CBL at Hornby, Ontario, serving the Province of Ontario; CBF at Verchères, Quebec, for the Province of Quebec; CBA at Sackville, New Brunswick, constructed to give a complete service to the Maritime Provinces; and CBK at Watrous, Saskatchewan, serving the Prairie Provinces. A 5,000-watt transmitter, CBR, was installed at Vancouver, B.C., in 1937. Thus, a notable advance has been made towards completion of the plan envisaged in the report of the Royal Commission on Radio Broadcasting appointed in 1938 to investigate the whole problem of broadcasting in Canada.

Apart from the high-power transmitters already completed, CBC is steadily adding new technical equipment to its facilities. Canada's first complete mobile units, including short-wave sending and receiving apparatus, recording machines, and pack sets which can be carried by a commentator in territory inaccessible to the units proper, came into use for the first time in 1938.

On Oct. 1, 1937, a contract was completed for transmission facilities enabling national network programs to be heard sixteen hours each day in all five Canadian time zones. This nation-wide network carries both the sustaining programs of the Corporation and a limited number of carefully selected commercial features. In addition to the stations owned by the CBC, the national network includes a large number of privately-owned transmitters.

During 1938, CBC inaugurated a series of broadcasts by leading Canadian symphony orchestras, a policy which has been continued in 1939 and will continue during the coming year. A wide variety of dramatic presentations have been offered, notably the Shakespearean series, with leading actresses and actors of stage and screen in the principal roles.

The highlight in Canadian broadcasting during 1939 was the Royal Visit to Canada. This unprecedented event was responsible for the most comprehensive assignment in the entire history of radio broadcasting. Throughout the month-long visit to Canada of Their Majesties the King and Queen, CBC carried out a complete coverage of the tour, through actuality broadcasts from every major city in the Dominion. In addition, CBC presented each evening a recorded summary of the day's activities. Not a single break-down occurred in any of the engineering or other arrangements throughout that period of time.

During 1939 the news service provided by the CBC in co-operation with the Canadian Press was regionalized, four fifteen-minute newscasts



His Majesty the King delivering his Empire Broadcast from Winnipeg, Manitoba, on Empire Day, May 24, 1939.

*Courtesy, Canadian Government Motion Picture Bureau*

being given daily in each time zone, in addition to daily national news summaries dealing largely with international affairs.

The outbreak of the war at the beginning of September, 1939, threw an unusually heavy burden upon the CBC. For two weeks a greatly augmented service of news and comment was instituted throughout the entire twenty-four hours of the day, in order to keep listeners informed regarding the tremendous events taking place. Since then, the CBC has striven to bring regularly to listeners authoritative, interesting, and up-to-the-minute news and views on the international situation through specialized talks and discussions by experienced commentators, expert students, and international figures. A representative of the CBC is a member of the Censorship Committee and the Corporation is the point of contact between that Committee and radio stations and other organizations throughout Canada in disseminating the important information and instructions associated with broadcasting.

Now that the fundamental work of organization and provision of transmitting facilities to give effective coverage across the Dominion has been completed, more time is being devoted to the development of good programs. Full benefit is being taken of the accumulated experience of a highly-efficient staff of producers in the fields of both musical and dramatic presentation.

*Expenditures.*—Despite the comparatively large expenditures necessary for lines, and for the costs of providing, maintaining, and operating

network transmitting facilities in a country like Canada, more than 50 p.c. of CBC total revenues are being spent on programs. Below is shown an analysis of all CBC expenditures from the Corporation's inception, including the nine-month period ended Dec. 31, 1939.

### Canadian Broadcasting Corporation Expenditures, Fiscal Years 1936-39

Item	1936		1937		1938		1939 <sup>1</sup>	
	\$	p.c.	\$	p.c.	\$	p.c.	\$	p.c.
Administration.....	120,607	7.57	125,360	8.07	146,686	6.77	101,790	4.81
Programs.....	621,248	38.99	645,816	41.53	1,088,420	50.28	1,092,504	51.67
Operation of stations.....	170,954	10.73	206,961	13.38	286,763	13.24	316,570	14.97
Lines.....	451,406	28.33	434,247	27.82	477,902	22.07	421,998	19.96
Depreciation.....	—	—	—	—	106,846	4.94	154,122	7.29
Leases of time on private stations.....	229,281	14.38	143,037	9.20	58,494	2.70	12,893	0.61
Interest on Government loan	Nil	—	Nil	—	Nil	—	14,599	0.69
<b>Totals.....</b>	<b>1,593,496</b>	<b>100.00</b>	<b>1,555,421</b>	<b>100.00</b>	<b>2,165,111</b>	<b>100.00</b>	<b>2,114,476</b>	<b>100.00</b>

<sup>1</sup>Nine months

The CBC is fully alive to the desirability of providing the Canadian public with television service as soon as the necessary expenditures come within the bounds of the practicable, and CBC engineering officers have been in constant touch with developments in television and facsimile in both Great Britain and the United States.

To add further variety to the programs provided to Canadian radio listeners, the General Manager and the Chairman of the Board of Governors spent some time in England in 1939 to arrange an exchange of desirable programs between CBC and the British Broadcasting Corporation. This will mark a new period of co-operation between the two great national broadcasting systems. Eventually the plan will require construction in Canada of a high-powered short-wave station, a national project of international significance which successive committees of Parliament have unanimously recommended.

**The Post Office.**—The Post Office is under the direction of a special Department of the Dominion Government. The number of post offices has increased from about 3,470 in 1867 to over 12,000 in 1939, the postal revenue in 1938-39 being approximately \$42,896,000. Rural mail delivery dates from 1908. The Post Office Department, in the fiscal year 1938-39, issued money orders to the amount of \$135,417,000, payable in Canada and \$9,787,000 payable in other countries, a combined net increase over the previous year of \$758,000. In addition, postal notes to the value of \$12,349,000 were issued in 1938-39. During the War, there was a general increase in postage rates, but these were gradually reduced again between 1926 and 1930. They were increased once more on July 1, 1931, and since that date the letter rate of postage for Canada, Great Britain, the British Empire, France, the United States and all other places in North and South America, has remained at 3 cents for the first ounce and 2 cents for each additional ounce.





## HANDLING HIS MAJESTY'S CANADIAN MAIL

Sorting Mail for British and Foreign Dispatch in a Central Post Office.

Trans-Canada Aeroplane being Loaded with Mail for Transcontinental Transport.



Official air-mail service was inaugurated in October, 1927. Since that time great advances have been made, both in the number of services and in the volume of mail conveyed, as shown by the following statistics:—

	Mileage Flown No.	Mail Carried lb.		Mileage Flown No.	Mail Carried lb.
1927-28.....	9,538	38,484	1936-37.....	977,864	1,200,831
1931-32.....	1,229,021	443,501	1937-38.....	1,474,041	1,367,972
1935-36.....	852,108	1,189,982	1938-39.....	3,711,948	1,822,344

The institution of air-mail service to remote and otherwise inaccessible areas, too numerous to itemize, has been of the greatest importance in developing the natural resources of Canada. For example, mails from Vancouver now reach White Horse within 24 hours and those from Edmonton reach Aklavik on the Arctic Ocean within a week, a small part of the time required for surface transport. The gold-mining industry, in particular, has been greatly assisted by the efficiency of the postal service rendered by air. During the winter season Pelee Island in Lake Erie, remote settlements on the north shore of the Gulf of St. Lawrence, Anticosti Island, the Magdalen Islands, and Telegraph Creek in northern British Columbia, which formerly relied on dog teams or were entirely isolated from civilization, are now given regular air-mail service.

During the season of navigation air-mail service between Montreal and Rimouski is operated to connect with the principal transatlantic steamers.

While the great majority of Canadian air-mail services are to remote areas, there are several interurban and international services which effect considerable time-saving between important mailing centres in Canada and the United States. This year has witnessed the inauguration of regular air-mail service over the Trans-Canada Air Lines, and this system, with its feeder lines, has given a direct service to most of Canada's leading cities. By utilizing this service a letter mailed at the close of the business day in Montreal reaches an addressee in Vancouver the following afternoon. Corresponding gains over ordinary conveyance are effected between most other points in Canada.

Another important forward step has been the inclusion of Canada in two transatlantic air-mail services, the Imperial Airways flying boats calling at Montreal, and those of Pan-American Airways stopping at Shediac, N.B. This service has reduced the transit time between London, England, and Montreal to two days.

## CHAPTER XIII

### EXTERNAL TRADE OF CANADA—NON-COMMODITY EXCHANGES

#### External Trade\*

Statistics presented in various parts of this handbook show the rise to present high levels of the outputs of the varied branches of Canadian industry. Comparison of these figures with those of other countries shows that in 1938 Canada was first in the production of asbestos, nickel, and newsprint; third in copper, gold, and zinc ore; fourth in lead; fifth in wheat; and sixth in automobiles.

\* In statistics of imports in this chapter, excise duty which had been included in the value of distilled spirits, chiefly whisky, imported into Canada from countries entitled to the British Preferential Tariff since the fiscal year 1920-21, is excluded as from Apr. 1, 1935. Such imports from the United Kingdom, which constitute the major part of this item, were valued at \$4,743,819 in 1938-39.



The Royal Visit to the Canadian Pavilion at the World's Fair, New York. *Inset:* Their Majesties being escorted to the building by the Hon. W. D. Euler, Minister of Trade and Commerce (right).

*Courtesy, Canadian Government Motion Picture Bureau*



Though the level of per capita consumption in Canada is high, it is plain that domestic consumption cannot account for all of the enormous output in many branches of production, since the Dominion is only about thirteenth among the countries of the world in population (having little more than one-half of one per cent of the world's population). Were it not for foreign trade Canada could profitably market but one-quarter of the present volume of fertilizers, cheese, bacon, and hams, but one-tenth of the shingles, whisky, platinum, silver, and raw furs, and small proportions also of the commodities in whose production the Dominion is a world leader (see preceding paragraph).

The drop in world trade that occurred in 1938-39, as shown in the figures published by the League of Nations, is reflected in the Canadian statistics. Among the twelve countries for which statistics are presented in the table on page 141, Australia is the only one that showed a rise in value of imports; only Italy had increased exports. Canada's imports at \$658,000,000, and exports at \$970,000,000 showed rises from 1932-33 lows of 61.7 p.c. and 81.3 p.c., respectively, though they were down by 17.6 p.c. and 10.6 p.c. from the preceding year. The export balance of trade stood at \$312,000,000 which has only been exceeded once in the past ten years.

The lower Canadian trade of the past fiscal year as compared with the year before was partly due to smaller quantities of goods exchanged, and partly to lower prices. Had prices remained the same in 1938-39 as in 1937-38 value of imports would have been down 13.2 p.c., instead of about 17.6 p.c., indicating that about 4 p.c. may be attributed to the fall in prices. In the case of exports almost all of the decline of 13.4 p.c. may be attributed to price since volume fell by only 0.6 p.c.

### Summary of Total Imports and Exports of Canada

Fiscal Year	Total Imports	Exports			Excess: Imports—Exports+
		Canadian Produce	Foreign Produce	Total	
	\$	\$	\$	\$	\$
1913-14.....	619,193,998	431,588,439	23,848,785	455,437,224	-163,756,774
1919-20.....	1,064,528,123	1,239,492,098	47,166,611	1,286,658,709	+222,130,586
1924-25.....	796,932,537	1,069,067,353	12,294,290	1,081,361,643	+284,429,106
1929-30.....	1,248,273,582	1,120,258,302	24,679,768	1,444,938,070	+196,664,488
1932-33.....	406,383,744	528,064,278	6,913,842	534,978,120	+128,594,376
1933-34.....	433,798,625	665,954,071	6,311,324	672,265,395	+238,466,770
1934-35.....	522,431,153	756,625,925	7,658,963	764,284,888	+241,853,735
1935-36 <sup>1</sup> .....	562,719,063	849,030,417	13,441,659	862,472,076	+299,753,013
1936-37.....	671,875,566	1,061,181,906	13,062,314	1,074,244,220	+402,368,654
1937-38.....	799,069,918	1,070,228,609	14,592,595	1,084,821,204	+285,751,286
1938-39.....	658,228,034	926,962,245	42,807,906	969,770,151	+311,542,117

<sup>1</sup> See footnote to p. 138.

As might be expected, duties collected fell very nearly as sharply as total imports, standing at \$89,273,000 for the fiscal year. Since the fall in the amount of duty collected was not quite as great as the fall in the amount of imports, the average *ad valorem* rate of duty, which is the amount collected expressed as a percentage of the value of imports, rose from 13.0 p.c. in 1937-38 to 13.6 p.c. Partial cause of this is the fact that the proportion of free imports was slightly lower in 1938-39 than in the previous year.

**World Trade During 1938.**—While the year 1937 as a whole showed more trade both by value and quantity than any since 1930, its later months initiated a decline which continued through a large part of 1938. International trade, in common with other business factors, turned upwards again about the middle of 1938, but the year as a whole was 13 p.c. below the preceding period in gold value of imports and exports combined. The League of Nations "Review of World Trade" notes among



Loading Bar Metal and Fir Ties for the United Kingdom, Main Dock,  
Pacific Coast Terminals.

*Courtesy, New Westminster Harbour Commissioners*

the characteristics of international trade that in 1938 the decline in quantum was more pronounced for raw materials than for manufactured goods, that the United States demand for goods has had a very great effect in the past ten years and, particularly in 1937 and 1938, that the decline in imports of creditor countries, principally the United States, helped to further the disintegration of world economy into separate trading blocs, that non-industrial countries tended to maintain their purchases in 1938 at a high level, that prices in general declined, but the decline was resisted in the case of several commodities required for armament purposes.

The League of Nations estimates that of the fall of 13 p.c. in the gold value of trade in comparison with 1937, the decline in quantum is responsible for about 8 p.c., and in prices for 5 p.c. It is of interest to note that, although world production and population have undoubtedly grown considerably in the past fifteen years, the quantum of world trade shows little upward or downward trend.

# Trade of Leading Commercial Countries of the World, 1938 Compared With 1937

(Expressed in Canadian Currency)

Country	Total Trade			Net Imports			Domestic Exports		
	Rank		Amount	Rank		Amount	Rank		Amount
	1937	1938		1937	1938		1937	1938	
			\$'000,000			\$'000,000			\$'000,000
United Kingdom...	1	1	6,840	1	1	4,525	2	2	2,315
United States....	2	2	5,034	2	3	1,960	1	1	3,074
Germany (including Austria)....	3	3	4,767	3	2	2,473	3	3	2,294
France.....	4	4	2,215	4	4	1,334	5	5	881
<b>Canada.....</b>	<b>6</b>	<b>5</b>	<b>1,590</b>	<b>8</b>	<b>8</b>	<b>677</b>	<b>4</b>	<b>4</b>	<b>913</b>
Japan.....	5	6	1,531	5	7	763	6	6	768
Belgium.....	7	7	1,510	6	6	776	7	7	734
Netherlands.....	8	8	1,357	7	5	783	10	9	574
British India.....	9	9	1,152	10	10	554	9	8	598
Italy.....	11	10	1,139	9	9	589	15	10	550
Australia.....	13	11	1,041	12	12	519	12	11	552
Sweden.....	14	12	988	11	11	523	14	12	465

**Leading Imports and Exports of Canada.**—Detailed tables of the twenty-five leading commodities imported and exported follow.

## Imports of Twenty-five Leading Commodities, Fiscal Year 1938-39 Compared with 1937-38

Rank		Commodity (In order of value, 1938-39)	Totals Imports, 1938-39		Increase or Decrease 1938-39 Compared with 1937-38	
1937-38	1938-39		Quantity	Value	Quantity	Value
				\$		\$
2	1	Petroleum, crude...gal.	1,249,052,392	41,483,348	-103,766,741	-5,151,372
3	2	Coal.....ton	13,008,576	35,937,195	-1,621,323	-2,970,514
1	3	Machinery, except farm.	-	35,286,766	-	-13,081,743
5	4	Automobile parts.....gal.	-	23,455,938	-	-6,269,314
6	5	Farm implements and machinery.....	-	18,079,948	-	-1,165,820
8	6	Sugar for refining...cwt.	9,457,485	17,279,170	+340,598	-61,233
4	7	Plates and sheets, iron.....cwt.	4,691,193	16,649,286	-3,624,200	-14,834,809
13	8	Books and printed matter.....	-	15,340,194	-	+380,884
9	9	Fruits, fresh.....	-	13,808,406	-	-2,738,541
11	10	Automobiles.....No.	14,830	13,131,262	-4,463	-2,513,199
12	11	Electric apparatus.....	-	12,501,483	-	-3,048,642
7	12	Cotton, raw.....lb	119,495,894	11,311,409	-31,865,457	-6,133,209
10	13	Vegetable oils.....gal.	23,869,501	10,538,840	-1,556,186	-5,289,651
17	14	Tea.....lb.	39,046,899	9,598,848	+1,066,864	-248,002
14	15	Rubber, crude.....	62,617,210	8,987,960	-16,174,631	-5,741,056
29	16	Gasoline.....gal.	119,410,143	7,794,626	+43,685,216	+2,219,974
20	17	Paper.....	-	7,575,317	-	-409,489
18	18	Clay and products.....	-	7,193,037	-	-1,981,563
15	19	Engines and boilers.....	-	7,132,507	-	-3,739,883
22	20	Spirits and wines.....	-	6,805,490	-	-624,142
19	21	Stone and products.....	-	6,713,684	-	-1,916,079
21	22	Glass and glassware.....	-	6,696,774	-	-1,095,921
24	23	Noils, tops and waste wool.....lb.	11,436,987	5,582,058	+285,774	-1,240,190
26	24	Worsted and serges.....	4,309,618	5,504,393	-637,328	-954,475
25	25	Furs.....	-	5,458,739	-	-1,363,038





Ships Lined Up at the Main Dock of the Pacific Coast Terminals at the Height of the Fruit Season, Loading Fresh Apples for the United Kingdom and the Continent.

*Courtesy, New Westminster Harbour Commissioners*

**Domestic Exports of Twenty-Five Leading Commodities, Fiscal Year 1938-39 Compared with 1937-38**

Rank		Commodity (In order of value, 1938-39)	Totals Domestic Exports, 1938-39		Increase or Decrease 1938-39 Compared with 1937-38	
1937-38	1938-39		Quantity	Value	Quantity	Value
				\$		\$
1	1	Newsprint paper...cwt.	49,507,879	107,360,211	-14,307,913	-12,647,339
3	2	Gold bullion, non-monetary.....oz.	2,504,687	87,590,120	+32,571	+1,386,384
2	3	Wheat.....bu.	120,847,635	84,494,433	+31,218,712	-31,779,276
4	4	Nickel.....cwt.	1,966,845	49,565,526	-304,034	-12,353,074
5	5	Copper in forms.....	4,231,647	42,190,363	+671,079	-3,484,033
6	6	Planks and boards M ft.	1,728,667	37,100,824	-77,059	-6,562,085
7	7	Meats.....	-	35,375,618	-	-5,987,157
8	8	Wood-pulp.....cwt.	11,173,247	26,814,418	-4,565,834	-13,145,760
9	9	Fish.....	2,893,993	25,622,980	-158,531	-660,333
12	10	Aluminium in bars.. "	1,450,851	24,794,611	+354,721	+4,045,638
10	11	Automobiles.....No.	58,849	22,806,873	-10,001	-2,492,490
11	12	Wheat flour.....bbl.	4,072,943	15,777,707	+168,055	-7,443,659
16	13	Furs, raw.....	-	13,584,861	-	-413,374
18	14	Asbestos, raw.....ton.	296,048	13,265,885	-64,930	-455,509
20	15	Pulpwood.....cord	1,492,540	13,231,521	-97,823	+762,700
19	16	Cheese.....cwt.	824,703	12,052,703	-54,772	-885,865
24	17	Silver ore and bullion	26,756,102	11,509,345	+4,542,025	+1,595,870
23	18	Copper ore and blister	1,397,439	10,572,203	+307,585	+254,244
17	19	Cattle.....No.	196,815	10,280,469	-90,644	-3,634,072
27	20	Apples, fresh.....bbl.	2,897,090	10,179,330	+683,355	+2,402,372
21	21	Machinery, except farm	-	9,703,463	-	-1,601,732
13	22	Whisky.....pl. gal.	2,083,865	9,457,275	-2,645,927	-9,311,018
15	23	Lead.....cwt.	3,501,679	9,433,528	+153,681	-4,682,418
29	24	Platinum and other metals of the platinum group, in concentrates or other forms.....	-	8,988,895	-	+1,573,551
14	25	Zinc.....cwt.	2,979,176	8,872,584	-769,001	-7,186,580

**Canada's Trade by Countries.**—The United States and the United Kingdom are the most important suppliers of Canadian imports. The

following statement shows that together they account for nearly 80 p.c. of the Dominion's purchases abroad. The United Kingdom figure is more than ten times that of the next most important country—the Straits Settlements. It is also of interest that of the first ten countries in the table, six are Empire countries, and further, that of the imports from all countries excluding the United States and the United Kingdom, almost half is from the Empire. The twenty-five countries below account for about 97 p.c. of total imports in each year.

**Imports from Twenty-Five Leading Countries, Fiscal Year 1938-39  
Compared with 1937-38 and 1936-37**

Rank			Country (In order of importance, 1938-39)	Totals Imports			Increase or Decrease 1938-39 Compared with—	
1936-37	1937-38	1938-39		1936-37	1937-38	1938-39	1936-37	1937-38
				\$'000	\$'000	\$'000	p.c.	p.c.
1	1	1	United States.....	393,721	487,279	412,477	+ 4.8	- 15.3
2	2	2	United Kingdom.....	129,508	145,009	115,636	-10.7	- 20.3
5	3	3	British Straits Settlements.....	10,541	15,586	10,564	+ 0.2	- 32.2
4	4	4	Germany.....	11,684	11,397	10,117	-13.4	- 11.2
6	4	5	Australia.....	9,470	12,171	9,807	- 7.0	- 27.6
7	6	6	British India.....	8,326	9,405	8,356	+ 0.4	- 11.2
15	16	7	Colombia.....	4,529	4,617	7,662	+69.2	+ 66.0
13	14	8	British Guiana.....	5,051	5,557	7,028	+39.1	+ 28.5
8	8	9	Belgium.....	6,696	7,462	6,212	- 7.2	- 16.8
12	13	10	Jamaica.....	5,173	5,668	6,066	+20.9	+ 7.0
9	10	11	France.....	6,454	6,489	5,950	- 7.8	- 8.3
14	12	12	Japan.....	4,797	5,782	4,467	- 6.9	- 22.7
10	9	13	New Zealand.....	5,377	7,397	3,878	-27.9	- 47.6
18	11	14	Ceylon.....	3,962	6,149	3,576	- 9.7	- 41.8
17	19	15	Netherlands.....	4,252	3,547	3,535	-16.9	- 0.3
22	18	16	Switzerland.....	2,701	3,802	3,001	+11.1	- 21.1
16	21	17	China.....	4,275	3,341	2,582	-39.6	- 22.7
28	20	18	Italy.....	1,722	3,358	2,481	+44.1	- 26.1
11	17	19	Peru.....	5,212	4,541	2,414	-54.2	- 46.8
21	30	20	Trinidad and Tobago.....	2,787	1,497	2,400	-13.9	+ 60.3
27	29	21	British West Indies, Other.....	1,793	1,524	2,276	+26.9	+ 49.3
23	27	22	Fiji Islands.....	2,395	2,578	2,176	- 9.1	- 15.6
3	15	23	Argentina.....	11,724	5,205	2,140	-81.7	- 58.9
19	23	24	Barbados.....	3,711	3,143	2,100	-43.4	- 33.2
25	26	25	Newfoundland.....	2,162	2,596	2,067	- 4.4	- 20.4

In the countries receiving Canadian exports, the United States and the United Kingdom are also in the lead, taking between them 75 p.c. Australia follows the United Kingdom, though at only one-tenth the amount of the latter. The table on p. 139, showing the twenty-five leading countries, includes about 97 p.c. of total domestic exports.

Goods shown as exported to some countries may not finally be consumed in those countries and other countries may buy and use more Canadian goods than the statistics indicate. For example, exports to the United Kingdom are known to include large amounts of wheat and other grains shipped 'on order'. The final destination is not known at the time of exportation from Canada. Similarly, considerable quantities of Canadian exports are consigned to one or other of the great European free ports and thence transhipped to the country of consumption. Since the country of final destination in these cases is not known at the time when the goods leave Canada, even to the owners, exports to such countries as the United Kingdom, Belgium, Netherlands, etc., which carry on large entrepôt trade, are higher than would be the case if the exports in question were credited

to the countries of final consumption. Exports to other countries such as Norway, Switzerland, etc., which obtain Canadian goods indirectly, would be correspondingly higher than the Canadian export statistics indicate.

### Domestic Exports to Twenty-Five Leading Countries, Fiscal Year 1938-39 Compared with 1937-38 and 1936-37

Rank			Country (In order of importance, 1938-39)	Totals Domestic Exports			Increase or Decrease 1938-39 Compared with—	
1936-37	1937-38	1938-39		1936-37	1937-38	1938-39	1936-37	1937-38
				\$'000	\$'000	\$'000	p.c.	p.c.
1	1	1	United States .....	435,015	423,131	375,939	-13.6	-11.2
2	2	2	United Kingdom .....	407,997	409,412	325,465	-20.2	-20.5
3	3	3	Australia .....	26,954	32,422	33,254	+23.4	+2.6
5	4	4	Japan .....	21,630	26,640	21,045	-2.7	-21.0
10	9	5	Germany .....	7,829	12,254	17,796	+127.3	+45.2
8	6	6	New Zealand .....	11,187	16,031	17,028	+52.3	+6.3
6	5	7	British South Africa .....	15,574	16,199	15,913	+2.2	-1.8
4	7	8	Belgium .....	23,436	14,564	9,952	-57.5	-31.7
9	8	9	Netherlands .....	10,916	13,269	9,903	-9.3	-25.4
7	11	10	France .....	11,718	7,609	8,777	-25.1	+15.4
11	10	11	Newfoundland .....	7,728	9,389	8,039	+4.0	+14.4
12	13	12	Norway .....	6,907	6,672	7,664	+11.0	+14.9
19	21	13	Sweden .....	3,237	3,156	5,859	+81.0	+85.6
18	16	14	Jamaica .....	3,327	4,388	4,435	+33.3	+1.1
17	12	15	Argentina .....	3,727	7,420	4,014	+7.7	-45.9
22	18	16	Trinidad and Tobago .....	3,054	3,806	3,787	+24.0	-0.5
16	14	17	Ireland (Eire) .....	3,800	5,153	3,543	-6.8	-31.2
20	17	18	British India .....	3,221	4,348	3,319	+3.0	-23.7
15	15	19	Brazil .....	3,873	4,830	3,295	-14.9	-31.8
13	20	20	China .....	4,899	3,354	3,225	-34.2	-3.8
23	19	21	Mexico .....	2,854	3,484	2,362	-17.2	-32.2
25	22	22	British Straits Settlements .....	1,939	2,942	2,119	+9.3	-28.0
32	24	23	Hong Kong .....	1,373	2,024	1,895	+38.0	-6.4
14	23	24	Italy .....	4,656	2,272	1,789	-61.6	-21.3
28	26	25	British West Indies, Other .....	1,571	1,932	1,699	+8.1	-12.1

### Summary of Trade with British Empire and Foreign Countries

Fiscal Year	Canada's Trade with—					
	United Kingdom	United States	Other British Empire	Other Foreign Countries	Total British Empire	Total Foreign Countries
	\$	\$	\$	\$	\$	\$
<b>Imports—</b>						
1921-28 .....	186,435,824	718,896,270	63,124,733	140,499,630	249,560,557	859,395,900
1928-29 .....	194,041,381	868,012,229	63,346,829	140,218,652	257,388,210	1,008,290,881
1929-30 .....	189,179,738	847,442,037	63,494,864	148,156,943	252,674,602	995,598,980
1930-31 .....	149,497,392	584,407,018	55,401,034	117,307,251	204,898,426	701,714,269
1932-33 .....	86,466,055	232,548,055	33,918,269	53,451,365	120,384,324	285,999,420
1934-35 .....	111,682,490	303,639,972	44,503,981	62,604,710	156,186,471	366,244,682
1935-36 .....	117,874,822	319,479,594	59,846,488	65,518,159	177,721,310	384,997,753
1936-37 .....	129,507,885	393,720,662	68,657,957	79,989,062	198,165,842	473,709,724
1937-38 .....	145,008,771	487,279,507	88,196,645	78,584,995	233,205,416	565,864,502
1938-39 .....	115,636,017	412,476,817	65,074,178	65,041,022	180,710,195	477,517,839
<b>Exports (Canadian)—</b>						
1927-28 .....	410,691,392	483,700,034	88,284,515	251,228,053	498,975,907	734,928,087
1928-29 .....	429,730,485	504,161,604	106,258,803	328,108,239	535,989,288	832,269,843
1929-30 .....	281,745,965	515,049,763	97,828,173	225,637,401	379,571,138	740,687,164
1930-31 .....	219,246,499	549,660,563	73,617,897	157,217,708	292,864,396	506,878,271
1932-33 .....	184,361,019	197,424,723	37,757,908	108,520,628	222,118,927	305,945,351
1934-35 .....	280,885,237	304,721,354	67,314,241	93,705,093	358,199,478	398,426,447
1935-36 .....	321,559,798	300,302,426	77,754,681	89,416,512	399,311,479	449,718,938
1936-37 .....	407,996,698	435,014,544	87,601,407	130,509,262	495,598,105	565,583,801
1937-38 .....	409,411,682	423,131,091	108,027,338	129,658,498	517,439,030	552,789,589
1938-39 .....	325,465,011	375,939,361	102,768,387	122,789,486	428,233,398	498,728,847



**Review of Canada's Trade by Months.**—The statistics of exports in the preceding pages include exports of non-monetary gold. Imports and exports of gold are subject to influences that do not apply to trade in other commodities. It has been considered advisable for the present, as from September, 1939, to exclude the gross figure of gold imports and exports from the ordinary trade reports. This is in line with procedure adopted in other countries. However, the figure for net non-monetary gold exports will continue to be published as a footnote to the regular trade statistics.

The monthly trade figures as available when going to press for the calendar year 1939 compared with 1936, 1937, and 1938, are given below. The statistics for the months prior to September, 1939, have been revised so as to exclude the gold previously included, and, therefore, differ with statistics previously published and those shown in the preceding pages of this report.

### Imports and Exports by Months, January, 1936, to October, 1939

Month	Imports				Exports of Canadian Produce			
	1936	1937	1938	1939	1936	1937	1938	1939
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
January.....	40,590	51,583	49,720	43,743	53,131	76,663	70,300	70,083
February.....	41,597	48,681	46,952	40,380	59,122	64,018	59,619	57,572
March.....	52,681	70,990	65,056	58,381	71,605	83,371	73,329	69,270
April.....	42,217	56,886	48,895	41,908	45,539	58,494	50,860	50,311
May.....	59,121	76,707	67,123	72,958	80,342	89,170	66,998	79,932
June.....	57,598	75,669	58,947	63,709	78,586	94,026	65,944	76,367
July.....	53,821	71,996	55,823	57,980	83,423	90,820	66,181	75,753
August.....	50,258	69,966	57,026	62,708	81,448	89,216	69,111	75,560
September.....	52,983	70,240	56,412	73,564	83,806	82,505	72,206	81,461
October.....	65,159	82,113	63,909	79,053	100,062	93,268	88,169	90,438
November.....	66,169	80,641	63,304	—	107,416	100,724	85,976	—
December.....	52,996	53,125	4,286	—	93,344	75,093	68,888	—

## The Commercial Intelligence Service

The Commercial Intelligence Service, maintained by the Department of Trade and Commerce, is designed to further the interests of Canadian trade in other parts of the Empire and in foreign countries. To this end there are established throughout the world offices administered by Trade Commissioners. These Trade Commissioners make periodical reports upon trade and financial conditions, variations in markets, and the current demand or opportunities for Canadian products. They also secure and forward to the Department in Ottawa inquiries for Canadian goods and, in general, promote the development of overseas markets.

**Organization at Ottawa.**—The headquarters staff at Ottawa is presided over by a Director, who is the head of the Service and administers and unifies the work assigned to the various Trade Commissioners. Assisting the Director are the following divisions: Directories—Exporters Directory, listing Canadian exporters, with their agents abroad, commodities handled, etc., and Foreign Importers Directory; Editorial; Commodity Records—where information regarding markets for Canadian export commodities is indexed; Economics; Animal and Fish Products; Vegetable Products;

Metals and Chemical Products; Forest Products; and Miscellaneous Manufactures.

**Organization Abroad.**—There are thirty-seven Canadian Trade Commissioners or commercial diplomatic officers conveniently located abroad. In some countries or territories, such as the United Kingdom, Australia, British West Indies, South Africa, Japan, and the United States there is more than one commercial officer; in other cases an officer covers adjacent countries. Besides the five mentioned above, countries in which officers are located are as follows: Argentina, Belgium, Brazil, British Malaya, China, Cuba, Egypt, France, Hong Kong, India and Ceylon, Ireland (Eire) and Northern Ireland, Italy, Mexico, Netherlands, New Zealand, Norway, Panama, and Peru.



Canadian Motor-Cars being Assembled in New Zealand.

*Courtesy, Department of Trade and Commerce*

Under an arrangement made by the Minister of Trade and Commerce with the British Foreign Office, Canadians interested in trade matters may secure information and advice from British Commercial diplomatic officers and British consuls in all countries in which Canada is not represented by her own Commercial Intelligence Service.

**Commercial Intelligence Journal.**—The Commercial Intelligence Journal, containing the reports of the Trade Commissioners and other pertinent material relating to export trade, is published weekly by the Department of Trade and Commerce in both English and French editions. The subscription price for either edition is \$1 per annum in Canada and \$3.50 outside of the Dominion. Special reports dealing with various phases of Canada's export trade are also issued from time to time, as supplements to the Commercial Intelligence Journal.

## Non-Commodity Items of Foreign Exchange

A nation's commodity trade alone cannot be taken as a complete index of its prosperity, for there are many other exchanges besides those of goods, all of which must be taken into account in order to find out the basic state of affairs in regard to total international transactions.

**The Tourist Trade.**—An item in the above which deserves special mention is the tourist trade. For the year 1938 the tourist trade was calculated to have brought \$273,431,000 into the country, and after the deduction of \$123,913,000 spent by Canadian tourists abroad, the favourable balance was estimated at \$149,518,000. By far the most important factor is the automobile traffic between Canada and the United States, it being estimated that such United States tourists spent \$180,258,000 in Canada in 1938, while Canadian automobile tourists spent about \$49,362,000 in the United States. Tourist expenditures are, in part, the return which Canada derives from her picturesque scenery, fish and game, winter sports, etc.

### Summary of Tourist Expenditures

Year	Expenditures of Outside Tourists in Canada (A)	Expenditures of Canadian Tourists in Other Countries (B)	Excess of (A) over (B)
	\$	\$	\$
1929 .....	309,379,000	121,645,000	187,734,000
1931 .....	250,776,000	76,452,000	174,324,000
1933 .....	117,124,000 <sup>1</sup>	50,860,000	66,264,000
1934 .....	145,974,000	63,658,000	82,316,000
1935 .....	214,778,000	95,600,000	119,178,000
1936 .....	251,299,000	110,400,000	140,899,000
1937 .....	290,581,000	124,422,000	166,159,000
1938 .....	273,431,000 <sup>2</sup>	123,913,000 <sup>2</sup>	149,518,000 <sup>2</sup>

<sup>1</sup> Canadian funds. No adjustment for exchange was considered necessary in subsequent years

<sup>2</sup> Revised figures.

Apart from the revenue which Canada derives directly from the tourist trade there are many other important results. First-hand knowledge of the country, its products and resources, serves to stimulate the demand for such products and attracts new capital for investment here. There is, too, a value derived from neighbours becoming better acquainted and through the exchange of ideas that cannot be measured in dollars and cents. A more widely diffused knowledge of the culture, interests, and difficulties of other nations leads to a richer social and intellectual life for all and the mutual understanding which springs from such contacts is an invaluable source of international goodwill.

**The Canadian Balance of International Payments.**—The merchandise and tourist trades have been discussed above. There are other important exchanges of services and numerous movements of capital between Canada and other countries as well. In order to summarize all of the nation's commercial and financial transactions with other countries and to reveal their general significance, a statement called the balance of international payments is drawn up. A statement of this kind segregates all of the current exchanges of merchandise, gold, and services from



operations on capital account, those which, for example, usually directly affect Canada's foreign assets and liabilities.

By doing this it is possible to observe the various sources of external income and disbursements and their relationships. When current income exceeds current disbursements, as has been the experience of Canada for a period of years, this is indirect evidence that the movement of capital is outward on balance. The direct study of capital movements shown in the capital account of the statement confirms these indirect estimates and reveals the general character of the movements. By making an analysis of capital movements it is possible to appraise their general consequences. Such an analysis discloses, for instance, whether the nation is increasing or reducing its foreign obligations. It makes it possible to judge the character of the changes, such as whether their effects are of a relatively permanent or temporary nature.



Grading Silver Fox Skins in a London Warehouse.

*Courtesy, Department of Trade and Commerce*

The accompanying statements of the Canadian balance of international payments reveal that in 1938, as in 1937, Canada continued to have a substantial credit balance from its trade in merchandise, gold, and services with other countries. These receipts from exports of merchandise, sales of gold, and the expenditure of tourists in Canada exceeded all current payments to other countries for imported merchandise and services including the large volume of interest and dividends paid to investors in other countries. The resulting balance of credits in 1938 amounted to over \$184,000,000. These surplus credits from exports of goods and services were available for the transfer of capital from Canada, and the

outflow of capital therefore continued in large volume. As in other recent years, the volume of retirements of Canadian bond issues held abroad was greater than the new issues floated in capital markets outside of Canada. In contrast, in the trade in outstanding securities there was an inflow of capital as sales by Canada of outstanding securities, particularly Canadian stocks, exceeded Canadian purchases. Net outward movements of capital arising from the operations of insurance companies and international direct investments (in 'branch plants') were also large. In general, the consequences of the capital operations during the year were to further reduce external liabilities and to increase somewhat Canadian assets abroad.



**Cargo of Potatoes from Prince Edward Island for New York and New Jersey Markets.**

*Courtesy, Department of Trade and Commerce*

It will be observed that the credit balance in 1938 was lower than that in 1937. This change is closely related to the generally lower level of prices and reduced business activity throughout the world in the latter year. Smaller credit balances in 1938 from the merchandise and tourist trades were partly offset by larger credits from gold and smaller debit balances on account of interest and dividends, freight, and miscellaneous services. The reduction in the net outward movement of capital during the year reflected a smaller outflow of capital for the retirement of Canadian securities held abroad and a shift from net purchases of outstanding securities in 1937 to net sales in 1938. Other capital movements continued to be predominantly outward in direction and generally in greater volume.

In both years, it may be perceived, the net credits on account of exchanges of merchandise, gold, and services were greater than the net payments traced in the capital account. If all of the estimated values of

transactions entering the accounts were exactly accurate and if there were no omissions these balancing items would offset one another. Such perfect accuracy is unattainable in practice, of course, owing to the magnitude and complex character of the transactions.

### Estimated Balance of International Payments, 1937 and 1938<sup>1</sup>

Item	1937		1938 <sup>1</sup>	
	Gross Value of Transactions	Net Receipts (+), Net Payments (-)	Gross Value of Transactions	Net Receipts (+), Net Payments (-)
	\$'000,000	\$'000,000	\$'000,000	\$'000,000
<b>Exchanges of Commodities, Gold, and Services</b>				
Merchandise sold to other countries.....	1,009.7	+213.3	847.0	+180.5
Merchandise bought from other countries.....	796.4		666.5	
Gold sold to other countries.....	145.1	+145.0	Net credits	+156.5
Gold received from other countries.....	0.1			
Expenditures in Canada of tourists from abroad	294.7	+170.3	267.0	+145.0
Expenditures of Canadian tourists abroad..	124.4		122.0	
Interest and dividends received from abroad...	78.8	-246.2	70.0	-242.0
Interest and dividends paid abroad.....	325.0		312.0	
Receipts from abroad for freight transportation	111.7	-25.5	101.0	-20.0
Payments abroad for freight transportation	137.2		121.0	
Receipts for other trade and service transactions.....	25.2	-38.7	24.6	-35.2
Payments for other trade and service transactions.....	63.9		59.8	
<b>Net Receipts (Credits).....</b>	-	<b>+218.2</b>	-	<b>+184.8</b>
<b>Capital Movements</b>				
Sales of new issues of Canadian securities abroad.....	89.5	+89.5	89.9	-60.1
Retirements of Canadian securities owned abroad.....	177.9	-177.9	150.0	
Receipts from the sale of other securities abroad.....	506.6	-4.8	367.0	+27.0
Payments for the purchase of other securities abroad.....	511.4		340.0	
Remittances to insurance companies in Canada	24.0	-10.6		-127.0
Remittances abroad by insurance companies in Canada.....	34.0			
Change in estimated net assets abroad of Canadian banks.....	13.0	-13.0		
Other capital movements—net payments in operations of international branch plants, etc.	82.6	-82.6		
<b>Net Outward Movement (Net Payments).....</b>	-	<b>-198.8</b>	-	<b>-160.1</b>

<sup>1</sup> Preliminary.



## CHAPTER XIV

### INTERNAL TRADE—WHOLESALE AND RETAIL TRADE —FREIGHT MOVEMENTS—SECURITY PRICES— COMMODITY PRICES—COST OF LIVING

Internal trade is of primary importance. The task of providing goods and services for home consumption by 11,315,000 people requires a greater expenditure of economic activity than that required for the prosecution of external trade, even though Canada ranks sixth among



A Row of Open Cattle Pens  
in Western Canada.



General View of the Covered Stockyards at Calgary, Alberta.

*Courtesy, Canadian Government Motion Picture Bureau*

trading countries of the world. Internal trade includes the transportation and distribution of goods within the country through the medium of railways, steamships, warehouses, wholesale and retail stores, and other agencies. It also includes all services such as those carried on by doctors, theatres, hospitals, schools, banks, insurance companies, and innumerable others. All such activities, even if not productive of material goods, add substantially to the national income.

Historically, Canadian internal trade developed as a result of the fur trade, fur being the first great staple sought in Canada by Europeans in

exchange for their products. This trade spread until it covered the whole area of the country, forming the framework into which the economic activities of the nation were gradually built. Lumber, fisheries, agricultural, mineral, and other resources were gradually exploited. As population grew, locally-manufactured products supplanted certain imports. Diverse resources in various parts of the country led to a vast exchange of products and growing wealth to increased services.

Unfortunately, owing to the many ramifications of internal trade, its statistical measurement presents great difficulties. Nevertheless, some idea of its extent may be gathered from the fact that in the latest year for which the figure has been published, the national income arising from those gainfully occupied in Canada was estimated at \$4,265,000,000, while the money value of exports of Canadian produce was \$1,015,000,000 in the same year.

The sections which follow deal with those features of internal trade that have not received treatment elsewhere in this handbook.

## Wholesale and Retail Trade

**Wholesale Trade.**—Notwithstanding the development during recent years of the modern chain store with its own warehousing facilities, the wholesale merchant still plays an important part in the distribution of goods in Canada.

### Indexes of Sales of Retail and Wholesale Establishments, 1935-38

(1930=100)

Province	Retail Stores					Wholesale Establishments <sup>1</sup>				
	1930	1935	1936	1937	1938	1930	1935	1936	1937	1938
Prince Edward Island.....	100 0	71.9	82.4	85.3	80.7	100 0	70.6	83.8	83.9	74.7
Nova Scotia.....	100 0	81.6	88.7	99.8	96.3	100.0	84.0	91.2	102.3	96.9
New Brunswick.....	100 0	73.1	79.4	90.9	84.9	100.0	77.7	84.9	98.7	94.1
Quebec.....	100.0	71.3	76.5	86.9	86.2	100.0	77.7	84.7	100.2	93.1
Ontario.....	100.0	78.0	83.0	92.9	89.9	100.0	83.3	91.5	105.1	99.4
Manitoba.....	100 0	73.4	78.5	85.2	84.9	100.0	80.9	88.3	101.4	102.8
Saskatchewan.....	100.0	63.2	69.7	68.3	68.4	100 0	65.6	70.9	70.8	74.8
Alberta.....	100.0	74.0	73.7	86.3	91.5	100.0	72.9	79.3	86.6	89.0
British Columbia.....	100.0	75.8	84.0	93.6	89.5	100.0	77.7	84.9	97.2	93.8
Yukon and N.W.T.....	100.0	68.3	61.2	75.2	75.1	—	—	—	—	—
<b>Canada.....</b>	<b>100.0</b>	<b>74.6</b>	<b>80.1</b>	<b>89.0</b>	<b>87.3</b>	<b>100.0</b>	<b>78.9</b>	<b>86.2</b>	<b>98.7</b>	<b>94.6</b>

<sup>1</sup> Regular wholesale houses. For a full description of the index, see the report "Wholesale Trade in Canada, 1930-33", obtainable from the Dominion Statistician.

In 1931, there were more than 5,000 wholesale houses in Canada, with sales amounting to over a billion dollars, a large proportion of which was made to retail merchants. In addition, there were more than 8,000 other types of wholesalers such as manufacturers' own wholesale branches, bulk tank stations of petroleum distributors, commission merchants and agents, and brokers of different types. Although these did not perform all the functions of regular wholesale merchants they handled sales or orders valued at more than \$2,000,000,000 in 1930.



Part of the Shipping  
Floor in a Wholesale  
Grocery Warehouse.



Men's Furnishings  
Department in a Wholesale  
Dry Goods Showroom.

*Inset:*  
The Baby Department.



Attractive Display Shelves  
in a Modern Retail  
Provision Store.

*Courtesy, Canadian  
Grocer, Toronto*



**Retail Trade.**—The final stage in the distribution of consumer goods is effected through a great number of retail stores ranging in size from small shops with meagre daily takings to large enterprises whose annual sales are reckoned in millions of dollars. The 1931 Census of Merchandising and Service Establishments showed that there were 125,000 retail stores in Canada in 1930, with annual sales amounting to \$2,756,000,000. Almost 40 p.c. of these stores had annual sales of less than \$5,000 each while at the other end of the scale there were 86 large individual stores each doing an annual business of more than \$1,000,000. More than 400,000 persons were engaged in retail trade including some 105,000 proprietors drawing no stated salary and another 300,000 persons who received approximately \$300,000,000 in salaries and wages. Capital investment in retail trade amounted to \$1,200,000,000.

**Current Trends.**—Conforming with the trend in general business conditions, retail trading declined during the period following the census year until in 1933 dollar value of retail sales was 35 p.c. below the 1930 level. A gradual improvement which commenced in the latter part of 1933 continued until 1937 when dollar sales were 37 p.c. above the mid-depression period and came within 11 p.c. of the amount recorded for 1930. Changes in dollar volume of retail sales are due not only to variation in the actual quantities of goods purchased but also to changes in price levels. How much of the change in dollar sales is due to price movements it is impossible to say. Nevertheless it is certain that a great proportion of the change in food-store sales may be attributed to this factor. On the other hand, variations in annual sales by motor-vehicle dealers, furniture stores, or jewellery stores are more indicative of changes in the quantity of goods actually being sold.

Retail sales were relatively well-maintained in 1938, dollar volume of retail trading for the year standing only 2 p.c. below 1937. Figures available for the first eight months of 1939 indicate that while food-store sales have been better than maintained, sales for most other lines of business were slightly lower than in the corresponding period of 1938.

**Chain Stores.**—The position occupied by chains in the retail marketing structure of Canada has varied but little during recent years. The annual survey of chain stores made in connection with the Census of Merchandising shows that chain stores (other than department store chains) did approximately 17 p.c. of the total retail business in 1937 and 1938. In earlier years the ratio of chain to total sales was about 18 p.c.

#### Summary Statistics of Chain Stores, 1931-38

Calendar Year	Chains	Chain Stores	Value of Chain Sales	
			Amount	P.C. of Total Sales
	No.	No.	\$	
1931.....	506	8,557	434,199,700	18.7
1932.....	486	8,398	360,806,200	18.8
1933.....	461	8,230	328,902,600	18.5
1934.....	445	8,210	347,186,100	17.9
1935.....	445	8,024	364,589,800	17.9
1936.....	457	8,124	394,935,000	17.9
1937.....	447	7,815	414,133,300	16.9
1938.....	457	7,692	414,448,300	17.2

A significant development in chain store policy in the food-retailing field during recent years is the trend towards larger stores and the closing out of smaller units. In 1934 there were only 152 individual units of food chains each with annual sales of \$100,000 or more and these transacted 21.7 p.c. of the total food chain business. In 1938 there were 263 stores in the same size class and these accounted for 39.1 p.c. of the total sales of all food chains.

*Retail Services.*—More than 40,000 establishments are engaged in supplying services of various kinds to the Canadian public. The provision of amusements and domestic and personal services forms the chief business of the service groups. In 1930, \$249,000,000 was spent by consumers in such establishments; employment was provided for 64,000 persons.

*Motion Picture Theatres.*—An extensive advertising campaign carried on by distributors in the early months of 1938 was at least partially responsible for increased attendance at motion picture theatres during a period when expenditures for most goods and services were undergoing some curtailment. There were 137,976,052 paid admissions to 1,133 theatres in Canada in 1938 compared with 134,374,061 admissions to 1,047 theatres in the preceding year. Box office receipts (exclusive of amusement taxes) were \$33,635,052 for 1938, up 3.5 p.c. from the amount recorded for 1937. Per capita expenditure at motion picture theatres was \$3.02 for 1938, and \$2.93 for 1937.

### Internal Freight Movement

The subject of interprovincial trade is of interest to many persons, but comprehensive data are even more difficult to record than those of international trade. There is practically no restriction on movements across the provincial borders and consequently the records of movements of commodities, people, money, etc., are very incomplete.

The railways are required to record the tons of revenue freight, under 76 commodity classes, loaded and unloaded and received from and delivered to foreign railways and boat lines for each province. The excess of loadings in any province over unloadings shows a net movement out of that province, but does not reveal the places to which the excess was shipped and, similarly, the excess of unloadings over loadings indicates a net import into the province. For the Prairie Provinces, where only a small proportion of the freight is moved by agencies other than the railways, the net movements into and out of the provinces indicate fairly accurately net imports and exports, but in the eastern provinces where vessels and motor vehicles are important factors in transportation only a part of the story is told by these railway data. No records are yet available of the movements of commodities, people, etc., by vessel or motor vehicle from province to province.

### Security Prices

The Bureau of Statistics publishes several series of index numbers, designed to measure the movement of security prices in general and of important groups of stocks in particular. These constitute an important barometer of business conditions.

The record of Canadian common stock prices, extending back to 1914, is quite different from that of commodity prices. During the War of 1914-18 and in the years immediately following, the average level of commodity prices advanced to two and one-half times the average height in 1914, while common stock prices averaged less than two-thirds of 1914 levels during this period. Again, during the years 1927 to 1929, the behaviour of these two price groups was very different. This time stock prices increased by approximately 100 p.c., while commodity prices drifted slowly downward. Both commodities and stocks declined subsequent to the latter part of 1929, and since the spring months of 1933 they have both moved irregularly upward.

### Investors Monthly Index Numbers of Common Stocks, 1937-39

(1926=100)

Year and Month	Utilities	Industrials	Total <sup>1</sup>	Year and Month	Utilities	Industrials	Total <sup>1</sup>
<b>1937</b>				<b>1938 (concl.)</b>			
January.....	68.5	222.0	137.4	June.....	45.1	163.5	100.0
March.....	71.0	241.7	147.2	September.....	42.7	162.2	98.6
June.....	63.2	210.1	129.4	December.....	44.0	179.4	106.8
September.....	57.4	193.3	118.9				
December.....	49.5	167.7	103.7	<b>1939</b>			
<b>1938</b>				January.....	42.7	171.4	102.9
January.....	48.4	177.0	107.7	March.....	44.4	171.4	103.7
March.....	43.1	164.0	99.2	June.....	43.7	157.6	97.0
				September.....	42.2	168.2	100.1

<sup>1</sup> Includes bank stocks.

From the extreme high of 217.1 registered in September, 1929, a general index of common stock prices dropped sharply at first, and then more gradually, until it reached 43.2 in June, 1932. Temporary recovery was followed by a secondary decline lasting until March, 1933, when the index was 48.9. Subsequent intermittent recovery carried this series upward to 147.2 in March, 1937, before any major reaction occurred. This continued until April, 1938, at which time a low of 97.9 was reached. Since then markets have fluctuated uncertainly, and the index for September, 1939, was 100.1.

### Index Numbers of Twenty-five Mining Stocks, by Months, 1935-39

(1926=100)

Month	1935	1936	1937	1938	1939	Month	1935	1936	1937	1938	1939
January.....	124.3	142.4	174.6	144.1	158.0	July.....	117.9	157.6	141.8	151.1	155.8
February.....	124.2	149.8	177.2	147.7	158.8	August.....	115.6	158.1	146.2	156.0	151.4
March.....	128.2	144.2	172.6	134.9	155.0	September.....	119.1	157.6	127.6	144.0	137.7
April.....	128.7	145.8	154.1	133.9	143.7	October.....	118.6	158.2	121.6	157.4	144.7
May.....	128.3	150.3	142.1	139.5	151.4	November.....	125.5	167.0	129.4	159.6	144.7
June.....	123.0	156.1	134.7	145.8	153.9	December.....	133.6	167.7	134.3	159.0	-

The post-War peak in mining share prices was reached in October, 1927, two years prior to the highest levels in utilities and industrial stocks. At that time a price index for mining issues touched 143.8, considering prices in 1926 as equal to 100.0. It then declined irregularly to an all-time



low of 46·8 during June, 1932. From that month until February, 1937, the general trend of mining stock prices was decidedly upward, although the advance was interrupted by a long period of gradual reaction beginning in the final quarter of 1934 and extending through the greater part of 1935. At the crest of the rise in February, 1937, the mining stock index was 177·2. Since that time marked fluctuations have occurred but the movement has been predominantly downward. The November, 1939, index was 144·7.

### Commodity Prices

There have been three distinct periods in price history since the beginning of the War of 1914-18. First, a rapid rise and subsequent reaction occurred when the Canadian wholesale price index (1926 = 100) advanced from 64·0 to 155·9 between 1913 and 1920, and then declined to 97·3 for 1922. It remained close to this level (approximately 50 p.c. above price averages for 1913) until near the end of 1929. This seven-year stretch of comparative stability constituted the second period. During the final period, a decline carried the wholesale index downward from 95·6 for 1929 to 66·7 for 1932, after which a gradual recovery advanced it to 71·1 for 1935. Price levels at that time exhibited a tendency to stabilize at somewhat more than 10 p.c. above pre-war levels, but a secondary advance much more impressive than the first raised the wholesale price level sharply in the latter half of 1936, and still higher in 1937. This advance was not maintained, however, and the index dropped steadily throughout 1938 to touch the year's low of 73·3 in December. After advancing from 73·2 in January 1939 to 73·7 in May, prices again eased but moved sharply forward following the outbreak of war in September. The September index stood at 78·2, about 8·0 p.c. above the August figure which was the low for the year to date. Further price advances occurred in October.

### Index Numbers of Wholesale Prices, 1913-38<sup>1</sup>, and by Months, 1939 (1926 = 100)

1913.....	64·0	1926.....	100·0	1939—	
1914.....	65·5	1927.....	97·7	January.....	73·2
1915.....	70·4	1928.....	96·4	February.....	73·2
1916.....	84·3	1929.....	95·6	March.....	73·2
1917.....	114·3	1930.....	86·6	April.....	73·4
1918.....	127·4	1931.....	72·1	May.....	73·7
1919.....	134·0	1932.....	66·7	June.....	73·3
1920.....	155·9	1933.....	67·1	July.....	72·6
1921.....	110·0	1934.....	71·6	August.....	72·4
1922.....	97·3	1935.....	72·1	September.....	78·2
1923.....	98·0	1936.....	74·6	October.....	79·3
1924.....	99·4	1937.....	84·6	November.....	-
1925.....	102·6	1938.....	78·6	December.....	-

<sup>1</sup> 236 commodities to 1926; 502 from 1926 to 1934; subsequently 567

*Nutrition and Family Living Expenditures.*—The Bureau has recently conducted an investigation into this subject. The survey covered 12 cities and information was obtained which showed, not only the ordinary living expenses of families with incomes of from \$450 to \$2,500 per annum, but also the number of persons per family, persons per room, children per family, ownership of automobiles, etc. Several bulletins have been issued and may be obtained on application.

### Cost of Living

Statistics of cost of living constitute a very important phase of price statistics. Index numbers of retail prices, rents, and costs of services, issued by the Bureau of Statistics, are constructed to measure the general movement of such prices and costs in the Dominion as a whole. They are computed in such a manner as to make comparisons possible with other general index numbers constructed on similar principles, as, for example, the index of wholesale prices. Calculated as they are on the aggregative principle, i.e., the total consumption of each commodity, the Bureau's index numbers afford an excellent measurement of changes in the average cost of living in the Dominion as distinguished from that of any particular class or section.

#### Index Numbers of Retail Prices, Rents, and Costs of Services, 1930-38, and by Months, 1939<sup>1</sup>

(Average prices in 1926=100)

Year	Total Index	Food Index	Fuel Index	Rent Index	Cloth- ing Index	Sun- dries Index
1930.....	99.2	98.6	95.7	105.9	93.9	99.4
1931.....	89.6	77.3	94.2	103.0	82.2	97.4
1932.....	81.3	64.3	91.4	94.7	72.3	94.6
1933.....	77.5	63.7	87.7	85.1	67.1	92.6
1934.....	78.6	69.4	87.7	80.1	69.7	92.1
1935.....	79.1	70.4	86.8	81.3	69.9	92.2
1936.....	80.8	73.4	86.4	83.7	70.5	92.9
1937.....	83.1	77.3	84.9	86.9	72.7	93.4
1938.....	84.1	78.0	85.1	89.8	73.3	94.1
1939—						
January.....	83.3	75.2	85.7	90.1	72.8	94.2
February.....	83.1	74.5	85.4	90.1	72.8	94.2
March.....	83.1	74.5	85.3	90.1	72.8	94.1
April.....	83.1	74.5	85.1	90.1	72.8	94.3
May.....	83.1	74.6	84.5	90.0	72.8	94.3
June.....	82.9	74.3	84.3	90.0	72.6	94.1
July.....	83.1	75.1	83.9	90.0	72.6	94.1
August.....	83.0	74.9	83.7	90.0	72.6	94.1
September.....	82.9	74.2	83.8	90.0	73.1	94.1
October.....	84.7	79.8	85.1	89.9	73.1	94.1
November.....	85.0	80.5	86.1	89.9	73.1	94.2
December.....	—	—	—	—	—	—

<sup>1</sup> Preliminary figures.

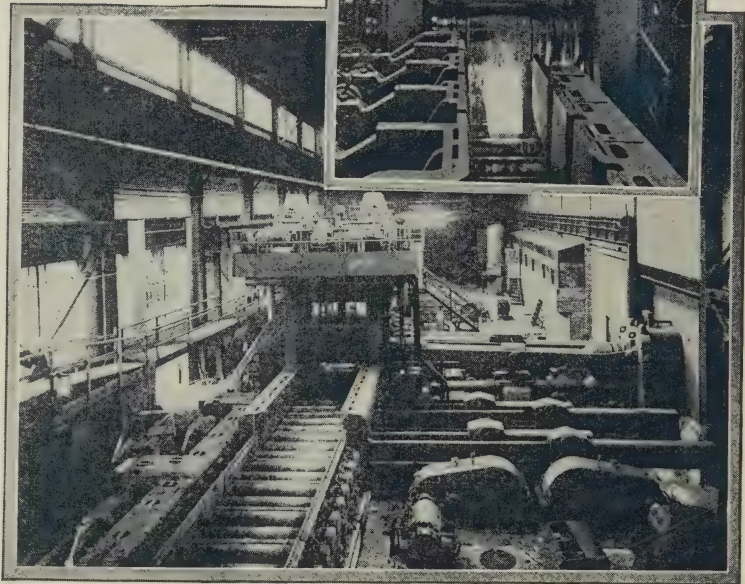
The movements in living costs prior to the War of 1914-18 have been similar to those already outlined for wholesale commodity prices. From 65.4 in 1913, the Bureau's cost of living index mounted to 124.2 in 1920, and then declined sharply to 100.0 in 1922. There was little change of importance from that time until 1930, when the index was 99.2. In the next three years, however, it followed the lead of primary markets and declined to 77.5. Between 1934 and 1938 a gradual upward movement carried the average index up to 84.1. However, an irregular monthly decline, first noticed in the fall months of 1938, persisted throughout 1939 with the result that the September index stood at 82.9. In October the index rose to a high point of 84.7 for the year.

## CHAPTER XV

### THE MANUFACTURES OF CANADA

The present century has witnessed the chief forward movement in Canadian manufactures, mainly as the result of two great influences: first, the opening up of the West, which greatly increased the demand for manufactured goods of all kinds and especially construction materials; and secondly, the first World War, which left a permanent imprint upon the variety and efficiency of Canadian plants. By 1920, the gross value of Canadian manufactured products was no less than \$3,693,000,000, the capital invested \$2,915,000,000, and the number of employees 591,753.

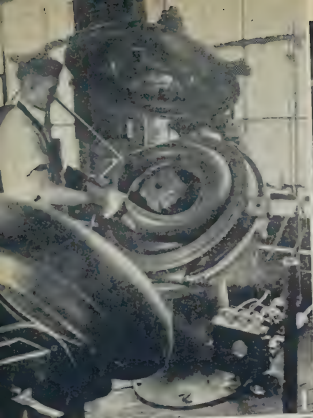
View of the Mill taken from the Control Pulpit and showing the Manipulator Side Guards with Tilting Fingers located in Left Guard.



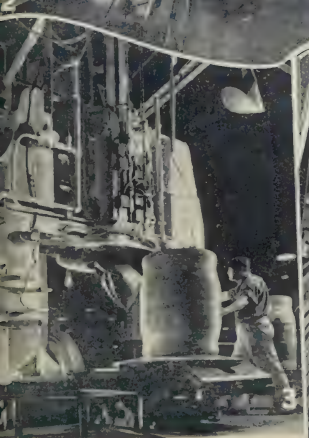
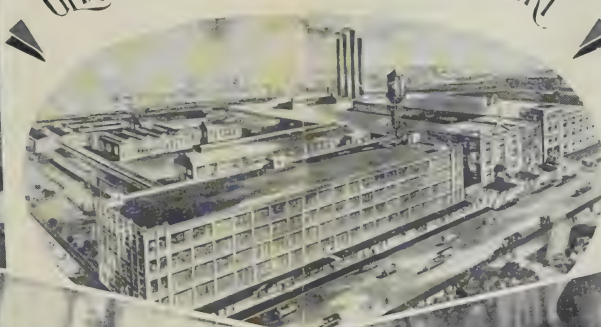
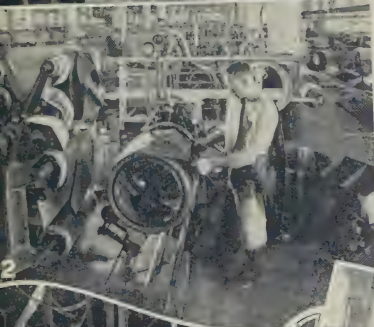
A 44-inch Blooming Mill at a Hamilton Steel Plant.—This view is taken from the approach side. The mill more than doubles the plant capacity for rolling ingots into 'blooms' and 'billets'. The range of sizes includes blooms up to 20 inches square and slabs up to a maximum of 51 inches wide.

*Courtesy, Steel Company of Canada, Limited*





# GLIMPSES OF CANADA'S RUBBER INDUSTRY



## Canada's Rubber Industry

Although producing no raw rubber, Canada ranks among the leading countries of the world as a manufacturer of rubber goods. Few articles of commerce bring Canada into touch with more countries, and strangely enough it is in selling rubber products, rather than in buying rubber, that Canada has dealings with so many countries.

Canadian factories use approximately 80,000,000 lb. of rubber and gutta percha in a year. About half of the output is automobile tires and rubber tubes, about one-third is rubber footwear, and the remainder includes a long list of products, chief among which are belting and hose. The annual value of rubber products made in Canada has only twice been below fifty million dollars in the past twelve years. About three-quarters of the production is for home use, the other quarter being exported to almost every corner of the globe. Tires alone go to more than a hundred countries.

The industry is concentrated mainly in Ontario and Quebec, the chief centres being Toronto, Hamilton, Kitchener, and Guelph in Ontario, and Montreal, Sherbrooke, Granby, St. Jérôme, and Lachine in Quebec.

The layout, on the reverse side, reading downward from left to right shows:—

*Left.*—(1) Removing an inner tube from the mould. (2) The operation of building up truck tires. (3) Inserting the airbag for the shaping of truck tires by expansion process prior to placing in the vulcanizing moulds.

*Left Centre.*—(1) Rubber hose being built up layer by layer on a backbone of spiral metal core. (2) Special insulating compound being moulded round copper cable.

*Centre.*—A typical Ontario rubber goods factory.

*Right Centre.*—(1) The manufacture of rubber footwear. (2) Rubber hot water bottles being moulded from expensive dies.

*Right.*—(1) Manufacturing rubberized cloth by rolling special rubber compound right into the fabric. (2) Mixing the compound for rubberizing cloth, by means of hot shiny rollers. (3) Inspection of rubber bands; a never-ending stream passes these girls who must be eagle-eyed to pick out the faulty ones.

The layout to the left reading from left to right and downward, shows:—(1) Scott testing machine used for determining tensile strength and elongation of rubber samples. (2) Hardness tester machine used for determining state of cure of a rubber compound. (3) Inspection of finished foamed latex products. (4) Machines winding rubber thread on golf balls. *Inset:* Marking and final inspection of the golf balls.

*Courtesy, Canadian Industries Limited; Canada Wire and Cable Co.; Dunlop Tire and Rubber Goods Co. Ltd.; Dominion Rubber Co. Ltd.; Firestone Tire and Rubber Co. Ltd.; The B. F. Goodrich Rubber Co. of Canada, Ltd.; Gutta Percha and Rubber Co. Ltd.; Seiberling Rubber Co. of Canada Ltd.; Viceroy Manufacturing Co. Ltd.*

Hundreds of millions of capital had been attracted from outside (see p. 187) in achieving this striking result. After 1920 the figures declined, but subsequent gains brought them back, for 1929, to even higher levels than 1920, as the table below shows.

To-day, the manufacturing industries of Canada stand on the threshold of a new era in their development. The demands created by the present war, due to Canada's strategic position as a source of supply of food and armaments, is bound to have far-reaching effects on the magnitude and diversification of Canadian manufacturing production. Fortunately, Canadian manufacturers are well equipped to undertake the huge task which they will be called upon to perform.

The growth of Canadian manufactures is not just of recent origin, as is evident from the table below.

### Historical Summary of Statistics of Manufactures, 1870-1937

Year	Estab- lish- ments	Capital	Em- ployees	Salaries and Wages	Cost of Materials	Net Value of Products <sup>1</sup>	Gross Value of Products
	No.	\$	No.	\$	\$	\$	\$
1870.....	41,259	77,964,020	187,942	40,851,009	124,907,846	96,709,927	221,617,773
1880.....	49,722	165,302,623	254,935	59,429,002	179,918,593	129,757,475	309,676,068
1890.....	75,964	353,213,000	369,595	100,415,350	250,759,292	219,088,594	469,847,886
1900 <sup>2</sup> .....	14,650	446,916,487	339,173	113,249,350	266,527,858	214,525,517	481,053,375
1910 <sup>2</sup> .....	19,218	1,247,583,609	515,203	241,008,416	601,509,018	564,466,621	1,165,975,639
1920 <sup>2</sup> .....	22,157	2,914,518,693	591,753	711,080,430	2,083,579,571	1,609,168,808	3,692,748,379
1929 <sup>2</sup> .....	22,216	4,004,892,009	666,531	777,291,217	2,029,670,813	1,755,386,937	3,883,446,116
1933 <sup>2</sup> .....	23,780	3,279,259,838	468,658	436,247,824	967,788,928	919,671,181	1,954,075,785
1934 <sup>2</sup> .....	24,209	3,249,348,864	519,812	503,851,055	1,229,513,621	1,087,301,742	2,393,692,729
1935 <sup>2</sup> .....	24,034	3,216,403,127	556,664	559,467,777	1,419,146,217	1,153,485,104	2,653,911,209
1936 <sup>2</sup> .....	24,202	3,271,263,531	594,359	612,071,434	1,624,213,996	1,289,592,672	3,002,403,814
1937 <sup>2</sup> .....	24,834	3,465,227,831	660,451	721,727,037	2,006,926,787	1,508,924,867	3,625,459,500

<sup>1</sup> For and since 1929 the figures for the net value of production represent the gross value less the cost of materials, fuel and electricity. Prior to this, only the cost of materials is deducted. <sup>2</sup> Includes all establishments employing five hands or over. <sup>3</sup> Includes all establishments irrespective of the number of employees but excludes construction and custom and repair work.

In 1937 the value of production amounted to \$3,625,459,500, an increase of 20.7 p.c. over the previous year but still 6.7 p.c. below the 1929 level. For the first time since the depression set in the volume of production exceeded that of 1929, the previous peak year. It is estimated that the increase is between 5 and 6 p.c. The drop in the gross value of production 1929-37, noted above, was largely due to a drop of 13.5 p.c. in the wholesale prices of manufactured products. In 1937 the number of employees rose to 660,451, an increase of 11.1 p.c. from the 1936 figures; the increase in the salary and wage payments amounted to \$109,655,603, and average earnings rose to \$1,093. The following statement shows the percentage variation in employment, salary and wage payments, and value of production since 1929.

Item	Percentage Variation Compared		
	1933 with 1929	1937 with 1929	1937 with 1936
Employees.....	-29.6	-0.9	+11.1
Salaries and wages paid.....	-43.8	-7.1	+17.9
Gross value of products.....	-49.6	-6.7	+20.7



## Industries, by Provinces and Purpose Groups

Among the manufacturing groups, analysed on a purpose classification basis, and judged by gross value of production, the producers materials group, which includes manufacturers and building materials, ranked first in 1937 with 33.6 p.c. of the total value of manufactured products. The industries manufacturing food products came second with 21.9 p.c. of the total, followed by the industrial equipment group with 15.2 p.c., vehicles and vessels 8.8 p.c., clothing industries 7.5 p.c., drink and tobacco 4.2 p.c.

### Census of Manufactures, by Provinces and Purpose Groups, 1937

Province or Group	Establishments	Capital	Employees	Salaries and Wages	Cost of Materials	Net Value of Products <sup>1</sup>	Gross Value of Products
Province	No.	\$	No.	\$	\$	\$	\$
P.E.I. ....	240	2,637,472	1,062	607,547	2,386,091	1,117,298	3,566,991
N.S. ....	1,135	94,756,601	18,088	16,727,238	46,964,053	33,146,796	84,353,656
N.B. ....	805	89,797,597	15,612	14,563,310	36,963,284	28,770,727	69,479,207
Que. ....	8,518	1,117,772,721	219,033	216,971,207	562,889,160	445,885,666	1,046,470,796
Ont. ....	9,791	1,674,806,201	321,743	373,018,048	1,025,871,741	804,703,114	1,880,388,188
Man. ....	1,043	119,363,026	23,706	27,198,975	87,684,514	49,950,465	140,805,451
Sask. ....	689	39,219,050	6,107	6,758,154	43,782,999	17,068,655	62,205,884
Alberta. ....	695	70,804,070	12,524	13,903,062	55,898,599	28,923,095	86,225,069
B.C. and Yukon. ....	1,713	256,011,093	42,576	51,979,393	144,466,346	99,359,051	251,924,259
<b>Totals. ....</b>	<b>24,834</b>	<b>3,465,227,831</b>	<b>660,451</b>	<b>721,727,037</b>	<b>2,006,926,787</b>	<b>1,508,524,867</b>	<b>3,625,459,500</b>
Purpose Group							
Producers materials. ....	6,892	1,482,194,043	208,930	232,733,013	634,232,482	517,085,301	1,221,670,588
Food. ....	8,696	441,611,585	96,740	94,656,930	558,118,480	222,874,824	792,271,852
Industrial equipment. ....	2,086	629,908,231	97,250	119,070,287	280,546,886	256,338,599	551,891,976
Vehicles and vessels. ....	376	248,949,257	55,141	71,890,706	186,070,917	128,554,741	319,280,534
Clothing. ....	2,158	173,474,299	95,244	79,547,935	148,901,374	120,812,007	271,690,917
Drink and tobacco. ....	668	187,487,631	21,646	24,398,981	68,935,399	81,472,043	152,152,105
Book and stationery. ....	2,349	137,392,420	40,348	53,453,842	44,257,314	92,638,593	138,673,644
House furnishings and equipment. ....	800	89,293,123	27,446	27,169,931	41,836,387	46,648,414	90,102,397
Personal utilities. ....	634	43,476,516	12,420	12,729,626	28,185,411	26,387,756	55,289,473
Miscellaneous. ....	175	31,440,726	5,256	6,075,786	15,842,137	16,052,889	32,436,014

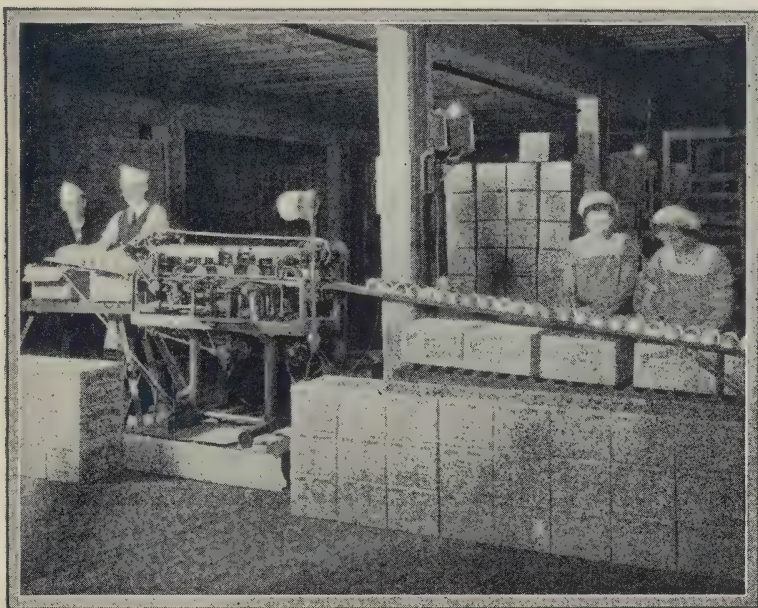
<sup>1</sup> Gross value less cost of materials, fuel, and electricity.

In the paragraphs following, a short review will be given of the two groups of industries most likely to feel the effects of the increased demands occasioned by the present war. As mentioned previously these two groups are the "food" and "iron and steel" industries.

### FOOD INDUSTRIES

To supply the daily needs of the Canadian people for food is a huge task requiring the labour of many people and an organization which is world-wide in its ramifications. Some of the leading industries in this group with their gross values of production in 1937 were as follows: slaughtering and meat packing, \$181,419,311; flour and feed mills, \$133,634,179; butter and cheese, \$124,935,055; bread and other bakery products, \$76,462,891; fruit and vegetable preparations, \$50,289,711; biscuits

and confectionery, \$49,475,403; sugar, \$40,916,044; coffee, tea, and spices, \$27,035,275; fish curing and packing, \$26,088,625; miscellaneous foods, \$20,172,809; breakfast foods, \$11,461,213; and condensed milk, \$11,247,823. A brief review of the more important of these industries follows.



The Shipping Room of a Canadian Cannery.—The fruit and vegetable preparation industry in Canada showed a capital investment of well over \$47,000,000 and distributed, in salaries and wages, \$7,200,000 in 1937. The large majority of employees in this industry are female and are seasonally employed.

*Courtesy, Canadian Government Motion Picture Bureau*

**Slaughtering and Meat Packing.**—Slaughtering and meat packing is the leading industry of the food group. In 1937 its output was valued at \$181,419,311; it furnished employment to 13,070 persons who were paid \$17,085,008 in salaries and wages. About \$121,000,000 was paid out by packers for live stock. The packing plants are concentrated in the larger centres of population and are located in all provinces, with Ontario, Quebec, Manitoba, and Alberta of chief importance in the order named. Of the 138 establishments, 36 contributed 91 p.c. of the total output, while 7 of the largest plants had an average production of about \$13,000,000. The same is true of employment. Thirty-six plants reported 89 p.c. of the total number of persons employed, while the seven largest plants averaged 868 employees each. This industry contributes materially to the foreign trade of Canada. The exports in 1937 totalled \$54,113,878, the principal single item comprising "bacon and hams, shoulders and sides". Imports in 1937 were \$13,671,616 and consisted chiefly of hides and skins, sausage casings, gelatine, and meat.

**Dairy Products.**—Manufacturing statistics of dairy production are given in the chapter on Agriculture at pp. 63-66.

**Flour Milling.**—The flour-milling industry with an output valued at \$133,634,179 in 1937 is one of the leading industries of the group from the point of view of gross value of production. This industry, which has existed to meet the domestic needs for more than 300 years, is one of the Dominion's oldest manufactures, but it is only within recent times that its progress has become outstanding. The first World War gave a great impetus to this trade. The 335 flour mills, as distinguished from feed mills, many of them of the most modern type and highest efficiency, have a capacity far in excess of Canada's demands. During 1928, productive capacity reached about 121,000 barrels per day. Since then, this industry has been adversely affected by the difficulties that have beset the Canadian grain trade and the decline in the prices of grains. Exports of wheat flour declined from 10,737,266 barrels in 1928 to 4,087,011 barrels in 1937 but in spite of the decrease Canada continues to be one of the leading exporters of wheat flour.

The flour-milling industry has a tremendous capacity to produce whatever flour may be needed under present war conditions. In 1937, the maximum daily capacity of the mills was 102,057 barrels per day of 24 hours, or an annual capacity of over 37,000,000 barrels. Even if the industry were to work only at 75 p.c. of its capacity, over 27,000,000 barrels of flour could be produced. Such a production would allow for an export of about 17,000,000 barrels per annum, an increase of 13,000,000 barrels over the quantity exported in 1937.

**Canned Foods.**—The development in the production of canned foods in Canada has shown a remarkable expansion since the beginning of the twentieth century. In 1900 the total value did not exceed \$8,250,000, but in 1930 it had increased to more than \$55,000,000, or six and one-half times as much. In 1933 the value of production dropped to \$33,000,000, and rose again to \$62,000,000 in 1937. The principal commodities used in the canning industry are: fish, fruits and vegetables, milk, and meats, while the industry itself forms an adjunct of considerable importance to other industries, notably the tin-can industry, the wooden-box industry, and the paper and printing industries. The development of the canned-foods trade has effected great changes in the relation of foods to seasons. Fruits and vegetables of many kinds, retaining much of their original freshness and flavour, are to be had at all times of the year. Producers in the country are provided with an enormously extended market, and consumers in both city and country with cheap and wholesome food in great variety. The consumer also enjoys protection by the inspection services of the Department of Agriculture and the Department of Fisheries.

#### Quantity and Value of Principal Foods Canned in Canada, 1937

Product	Quantity	Value
		\$
Fish.....case	2,217,708	13,619,606
Fruits....."	2,120,413	5,251,981
Vegetables....."	9,611,050	17,117,580
Meats.....lb.	6,083,546	1,318,900
Soups.....case	2,426,739	6,021,687
Concentrated milk products.....	—	10,078,192
Other foods.....	—	8,786,959
<b>Total.....</b>	<b>—</b>	<b>62,194,905</b>



**Biscuits and Confectionery.**—The value of biscuits and confectionery produced in Canada totalled \$49,475,403 in 1937. Of this amount \$14,103,665 was represented by biscuits, \$24,233,992 by chocolate and sugar confectionery, and the balance of \$11,137,746 by cocoa and chocolate, nuts, and other products. Large quantities of biscuits and confectionery are consumed annually in Canada. In 1937 the per capita consumption of biscuits amounted to 9.64 pounds and confectionery 12.1 pounds. The biscuit, confectionery, and cocoa and chocolate industry is thus of considerable importance. In 1937 there were 223 establishments reporting. These plants had a capital investment of \$38,565,652; they furnished employment to 11,879 persons who were paid \$10,892,004 in salaries and wages. The industry is concentrated mainly in Ontario.

**Sugar.**—The production of sugar requires the construction of large factories entailing huge capital investments. In 1937 there were 10 plants in operation with an average investment in fixed and current assets of over \$3,500,000 each. The location of these plants was as follows: Nova Scotia, 1; New Brunswick, 1; Quebec, 2; Ontario, 3; Alberta, 2; and British Columbia, 1. The selling value at the factory of the products made by the industry totalled \$40,916,044. To produce the large quantity of sugar required by Canadians, it took the labour of 2,332 persons who received \$3,318,861 in salaries and wages. The quantity of sugar produced reached the huge total of 1,025,553,455 pounds, enough sugar to allow more than 92 pounds to every person in Canada. Both cane and beet sugar are produced. Beet sugar is produced in Ontario and Alberta from locally grown beets and constituted 11.8 p.c. of the total output in 1937. The production of beet sugar has risen considerably during the past decade, the output having increased from 60,969,131 pounds in 1927 to 120,440,235 pounds in 1937. The sugar-refining industry is, therefore, of considerable importance in the industrial life of Canada.

## IRON AND STEEL INDUSTRIES

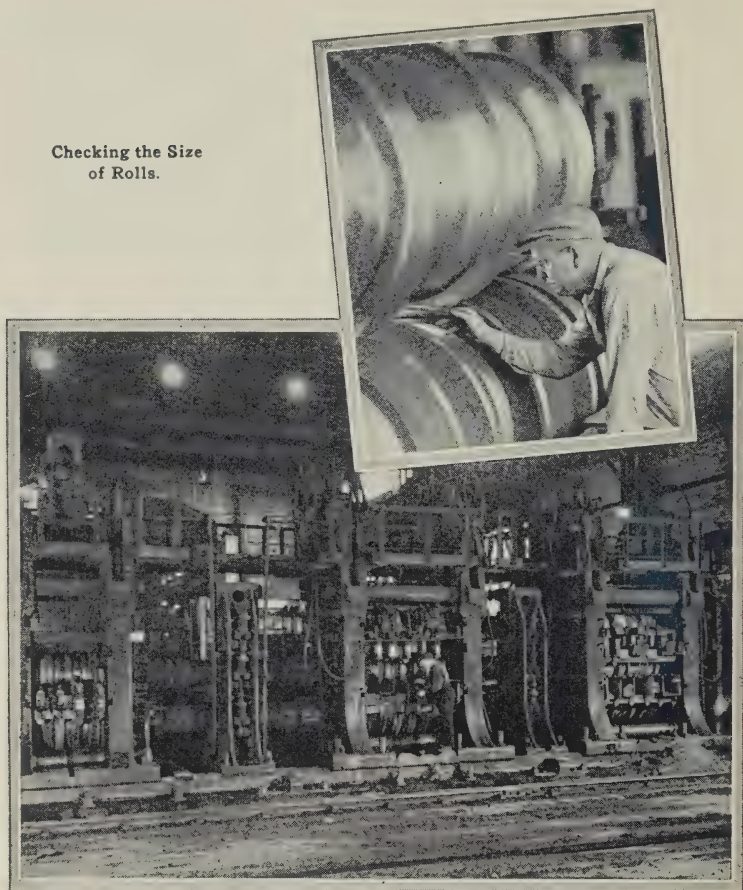
The iron and steel industries account annually for about 17 p.c. of all factory output in the Dominion and for about 19 p.c. of factory employment. In 1937 the gross output value for the 1,345 establishments in this group was \$624,819,877 and the number of employees, 127,148.

Pig iron production totalled 705,427 long tons in 1938, a decline of 21 p.c. from 1937. Only 4 companies operate iron-ore blast furnaces in Canada but, if operated at capacity, these plants could make 1,450,000 tons of pig iron per year. In 1938 only 6 units were used and output amounted to less than one-half of the Dominion's capacity. The record production was in 1929 when 1,080,160 tons were made and the next best year was 1918 with 1,067,456 tons.

In 1938 alone the imports of iron ore totalled 1,302,430 tons, of which about 50 p.c. was from the United States for use in Ontario and about 50 p.c. from Newfoundland for use in Nova Scotia.

Recent developments with respect to iron ore in Canada are therefore important. In 1939, after a lapse of 15 years, Canada again became a producer of iron ore for blast furnace use. The Algoma Steel Corporation Limited, stimulated by an Ontario Government bounty, began work two

Checking the Size  
of Rolls.



A Large 30-inch Rail and Structural Mill on which Heavy Structural  
Sections are Rolled.

*Courtesy, Algoma Steel Corporation, Limited, Sault Ste. Marie*

years ago on a beneficiating plant, the objective being to sinter their low-grade siderite ore and so raise the iron content to the standard required for blast furnace use. Initial shipments were made in August, 1939. When finally completed this plant will have a yearly capacity of about 300,000 tons of sintered ore. The immense reserve of crude ore is estimated at 100,000,000 tons.

Of even greater importance from a national standpoint are the recent developments at Steep Rock Lake, 145 miles west of Port Arthur, where diamond drilling has outlined a huge tonnage of iron ore of exceptionally high grade, about 61 p.c. iron content compared with 51 p.c. iron in the imported ores which are now being used. Development work is now being pushed on this property with the expectation that shipments will begin early in 1940.

Production of steel ingots and castings in 1938 totalled 1,152,728 tons including 1,103,090 tons of ingots and 49,638 tons of castings. Steel furnaces operated at about 61 p.c. of capacity. The record output of steel was in 1918 when 1,672,954 tons were produced.

Rolled products such as billets, rails, bars, wire rods, plates, etc., are now made in 16 different mills, the value of output amounting to \$46,040,787 in 1938. Recent additions to the products made in these works include heavy structural shapes, plates up to 42 inches in width and tin plate, all of which were previously imported in large quantities. Special attention has been given to alloys and special steels and Canadian mills are now able to supply practically all of the domestic requirements of these materials.

Among the secondary or fabricating groups, the automobile industry is most important, production of cars and trucks in 1938 amounting to

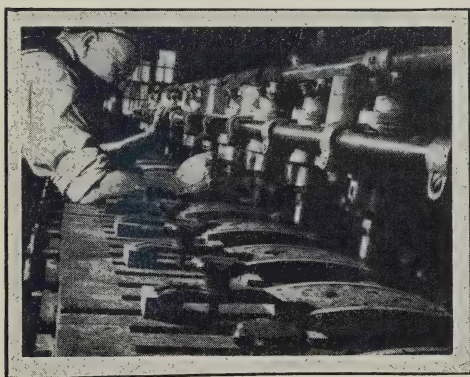
166,086 units valued at \$108,158,725 at factory prices. Canadian-made cars are shipped to all parts of the world, exports in 1938 amounting to 57,767 in number and \$22,235,474 in value.

The manufacture and maintenance of railway cars and locomotives ranked next to automobiles in output value and led all iron and steel industries in the number of persons employed. The 37 establishments in this group reported gross pro-

duction in 1938 at \$81,936,751 and the number of employees at 19,905.

Armament orders contributed to the expansion of the aircraft industry as output advanced to \$6,927,105 in 1938 from \$1,730,724 in 1937. Production included 282 complete machines valued at \$4,001,622.

Output values for other industries in this group were as follows in 1937: sheet metal products, \$49,132,766; farm implements, \$18,961,394; machinery, \$57,096,816; iron castings, \$41,913,753; wire and wire goods, \$23,558,635; shipbuilding, \$10,360,686; boilers and engines, \$11,211,501; heating and cooking apparatus, \$15,976,018; hardware and tools, \$22,464,718; and bridge and structural steel work, \$16,850,324.



**A Multiple Wood-Carver in Operation.**—This machine cuts out a large number of identical designs in one operation.

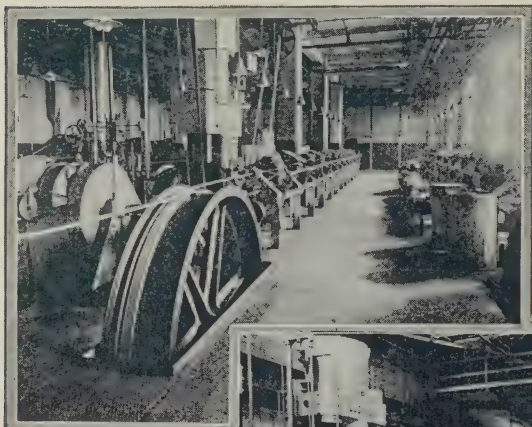
*Courtesy, Canadian Industries Limited*

### Leading Individual Industries

The industries based on mineral resources have taken their place among the leading manufactures of Canada along with the industries based upon forest, and agricultural (including live-stock) resources.

The pulp and paper industry, although of comparatively recent development, had, by 1923, displaced flour milling as Canada's most

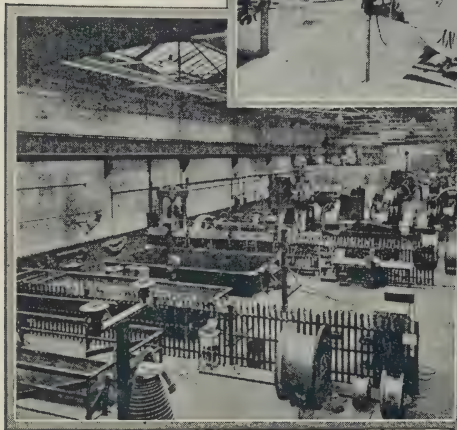
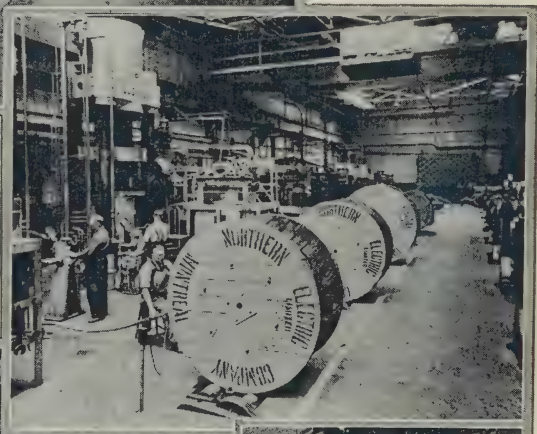




Insulating a Power Cable with Paper Wrapping.

Right—Lead-Covering of the Cables.

Below—The Cable Testing Department of a Large Montreal Plant.



Right—The Insulated Power Cable being Removed from the Impregnating Tank before the Lead Sheathing Operation.



The Manufacture of Power Cable.—Cable insulated and sheathed as shown is used for both high and low tension power lines where they come into populated areas.

*Courtesy, Northern Electric Company Limited, Montreal*

important manufacturing industry and, in spite of recent vicissitudes, held that position up to 1935 when it was displaced by the non-ferrous metal smelting and refining industry. In employment, and salaries and wages paid, however, pulp and paper is still the leading industry.

The incidence of the depression resulted in a re-arrangement in the rank of many industries that has already proved temporary in some cases. The suspension of capital expenditures, a serious factor in the depression, greatly reduced the output of such important industries as sawmills, electrical equipment, automobiles, railway rolling-stock, primary iron and steel, machinery, etc. On the other hand, demand for goods for immediate consumption was more stable, especially in such industries as petroleum products, bakeries, cotton yarn and cloth, printing and publishing, clothing, tobacco, beverages, etc. However, as previously stated, some return to the pre-depression order of importance is in evidence. Comparing the rankings for 1933 with those for 1937, it may be noted that automobiles came up from eleventh to fourth place, sawmills from fourteenth to seventh, electrical equipment from sixteenth to eighth; cotton yarn and cloth, and bread and other bakery products, which appeared in eighth and seventh places, respectively, in 1933, dropped back again to fourteenth and eleventh.

#### Principal Statistics of Fifteen Leading Industries, 1937

Industry	Estab-lish-ments	Capital	Em-ployees	Salaries and Wages	Cost of Materials	Gross Value of Products <sup>1</sup>
	No.	\$	No.	\$	\$	\$
Non-ferrous metal smelt- ing and refining.....	14	162,606,595	11,570	17,990,947	201,862,965	318,278,251
Pulp and paper.....	98	570,352,287	33,205	48,757,795	91,121,629	226,244,711
Slaughtering and meat packing.....	138	65,411,606	13,070	17,085,008	148,057,651	181,419,311
Automobiles.....	15	57,996,242	14,946	22,138,991	92,706,147	134,810,280
Flour and feed mills.....	1,086	56,280,032	5,803	5,877,756	111,558,331	133,634,179
Butter and cheese.....	2,568	60,001,842	16,583	15,699,085	91,175,996	124,935,055
Sawmills.....	3,836	90,405,105	33,917	27,173,872	57,280,080	104,849,785
Electrical apparatus and supplies.....	191	97,187,905	21,706	26,291,436	41,695,446	98,841,992
Petroleum products.....	57	64,280,266	5,137	8,246,843	80,401,880	98,454,014
Railway rolling-stock.....	37	88,426,476	21,496	29,187,157	56,191,146	93,854,555
Bread and other bakery products.....	3,179	49,164,576	21,252	19,759,740	39,498,456	76,462,891
Rubber goods (including footwear).....	50	65,119,212	13,035	14,041,066	31,126,755	74,263,753
Primary iron and steel.....	55	96,875,377	14,054	19,928,498	33,805,631	72,280,669
Cotton yarn and cloth.....	86	67,832,556	19,160	16,350,956	42,063,654	72,113,878
Printing and publishing...	779	53,235,912	17,834	25,189,376	12,990,521	60,982,409
<b>Totals, Fifteen Leading Industries.....</b>	<b>12,139</b>	<b>1,595,265,989</b>	<b>262,768</b>	<b>313,716,526</b>	<b>1,131,536,288</b>	<b>1,871,425,733</b>
<b>Grand Totals, All In- dustries.....</b>	<b>24,834</b>	<b>3,465,227,831</b>	<b>660,451</b>	<b>721,727,037</b>	<b>2,006,926,787</b>	<b>3,625,459,500</b>
Percentages of Fifteen Leading Industries to All Industries.....	48.9	46.0	39.8	43.5	56.3	51.6

<sup>1</sup> Net value is obtained by deducting cost of materials, fuel, and electricity used in manufacturing from the gross value.

### Manufactures in Leading Cities

Montreal proper, with an output valued at \$511,481,054 in 1937, exceeded Toronto proper, with \$475,470,149. After these two cities came Hamilton with \$170,651,205, Windsor \$136,896,194, Vancouver \$95,717,017, and Winnipeg with \$80,108,696. Fifteen other places had manufactures with a gross value of production of over \$25,000,000 in 1937.

### Cities of Canada with a Manufacturing Production of Over Twenty-Five Million Dollars in 1937

City	Estab- lish- ments	Capital	Em- ployees	Salaries and Wages	Cost of Materials	Gross Value of Products <sup>1</sup>
	No.	\$	No.	\$	\$	\$
Montreal.....	2,474	415,816,451	105,931	112,652,112	281,407,645	511,481,054
Toronto.....	2,797	423,350,508	96,247	115,520,050	247,422,098	475,470,149
Hamilton.....	479	182,730,036	32,616	40,255,040	83,978,873	170,651,205
Windsor.....	228	77,750,511	18,650	26,919,449	78,667,058	136,896,194
Vancouver.....	824	85,851,189	17,641	20,783,032	53,139,109	95,717,017
Winnipeg.....	622	72,419,041	17,284	19,687,511	45,498,865	80,108,696
Montreal East.....	11	39,820,004	2,018	2,802,796	49,062,688	63,651,833
Oshawa.....	45	25,155,927	6,652	8,831,017	39,347,172	59,884,575
Kitchener.....	161	35,456,720	9,338	9,754,831	24,043,367	46,747,407
London.....	239	36,891,879	9,731	10,793,097	21,373,863	46,168,611
Peterborough.....	76	22,279,586	5,766	5,928,739	17,954,515	32,478,113
Quebec.....	299	47,856,602	9,674	8,562,341	15,817,137	31,480,065
Calgary.....	170	26,048,084	4,238	5,308,491	19,480,087	30,555,736
Edmonton.....	175	19,559,054	4,460	5,294,026	19,480,580	29,264,699
Three Rivers.....	52	59,203,086	5,737	6,579,468	13,446,983	29,102,521
Ottawa.....	203	33,743,492	7,013	8,546,417	13,155,129	28,244,935
New Toronto.....	19	26,571,130	2,957	4,256,507	15,238,764	28,066,405
Brantford.....	107	38,999,182	7,277	7,411,079	14,714,828	28,017,964
Sarnia.....	47	16,838,650	3,159	4,368,227	21,261,941	26,720,108
St. Boniface.....	42	10,533,632	1,778	2,252,237	19,066,261	25,627,615
St. Catharines.....	90	21,874,082	5,463	6,295,818	13,593,287	25,291,903

<sup>1</sup> Net value is obtained by deducting cost of materials, fuel, and electricity used in manufacturing from the gross value.

### Conditions During the Years 1934-39

Perhaps the best all-round barometer of conditions is afforded by the indexes of employment maintained from month to month in the Dominion Bureau of Statistics. These are based on returns received from establishments having 15 hands or over and include the great majority of employees. The indexes are given below for the latest six years.

### Indexes of Employment in Manufactures

(1926=100)

Month	1934	1935	1936	1937	1938	1939	Month	1934	1935	1936	1937	1938	1939
Jan. 1	80.0	87.4	96.8	102.4	108.6	104.3	July 1	93.8	98.5	104.7	119.0	111.8	111.3
Feb. 1	84.2	90.1	98.5	105.3	110.3	106.0	Aug. 1	94.2	99.8	104.9	118.1	110.0	112.8
Mar. 1	86.5	92.7	99.5	107.6	110.5	107.0	Sept. 1	94.3	100.8	105.9	121.2	113.8	115.3
Apr. 1	88.1	93.9	101.1	110.8	110.8	107.1	Oct. 1	94.4	103.3	109.0	121.7	112.5	119.7
May 1	90.2	95.6	102.7	113.8	110.6	108.4	Nov. 1	92.8	103.5	107.7	119.0	110.9	122.1
June 1	93.2	98.4	103.4	117.9	112.3	111.4	Dec. 1	91.3	101.4	107.0	116.3	110.1	-



## CHAPTER XVI

### THE NATIONAL PARKS OF CANADA

Among Canada's most valuable possessions is her fine system of national parks. Nineteen regions of outstanding beauty or interest, which comprise a total area of 12,403 square miles, are set aside for the perpetual use and enjoyment of the people. The national parks conserve the wild life of Canada under natural conditions, preserve the original beauty of the landscape, and provide remarkable opportunities for outdoor life and recreation. They are administered by the Department of Mines and Resources through the National Parks Bureau.

Within the parks nearly 700 miles of motor roads and 3,000 miles of trails have been built to open up new and interesting regions. Picturesque towns have developed at the administrative centres of the larger parks, where facilities for recreation such as golf courses, tennis courts, outdoor swimming pools, and bath-houses have been made available. Lakes and streams are periodically stocked with game fish, and accommodation for tourists operated by private enterprise has been supplemented by the provision of equipped public campgrounds. The local administration of the parks is carried out by resident superintendents or other officials.

The scenic and recreational parks situated in the Rocky and Selkirk Mountains of Alberta and British Columbia are best known, and contain regions of scenic grandeur probably unsurpassed in the world. Among the enormous ranges are hundreds of lofty peaks, huge glaciers, and beautiful valleys set with sparkling lakes or coursed by foaming streams. Banff National Park, 2,585 square miles in area, was the first national park established in the Dominion. It lies on the eastern slope of the Rockies and contains the world-famous resorts, Banff and Lake Louise. The town of Banff, the park headquarters, forms the centre of a remarkable system of trails and motor highways which provide access to such well-known points as Lake Louise, Moraine Lake, and the Mount Assiniboine regions, as well as adjacent park areas. An all-year resort, Banff offers a wide range of recreations both in summer and winter, and its accommodations are numerous and excellent.

Adjoining Banff Park to the north is Jasper National Park, largest on the continent. This immense area of 4,200 square miles is noted for its historical associations, and is also a summer and winter playground. Among its outstanding points of interest are Maligne Lake, Miette Hot Springs, Tonquin Valley, and Mount Edith Cavell. Set high on the shoulders of mighty peaks that form part of the Continental Divide, and extending into Banff Park is the Columbia Ice-field, the melting glaciers of which feed streams that eventually reach three oceans, the Atlantic, Arctic, and Pacific. A new scenic highway, which will connect Banff and Jasper Parks and provide access to the Columbia Ice-field, is expected to be open for tourist travel by July 1, 1940.

In southwestern Alberta is Waterton Lakes National Park, 220 square miles in area. Outstanding from a scenic point of view, Waterton offers



**A Glimpse of the Rugged Coast of Cape Breton Highlands National Park, Nova Scotia.**

*Courtesy, National Parks Bureau of Canada*

delightful outings over the highways and trails that penetrate its mountain fastnesses. Located on the International Boundary, it adjoins Glacier National Park in Montana, with which it forms the Waterton-Glacier International Peace Park.

West of the Great Divide of the Rockies, which forms the boundary between Alberta and British Columbia, are Kootenay and Yoho Parks, both of which adjoin Banff Park. Yoho Park, 507 square miles in area, contains many remarkable scenic places including the famous Yoho Valley and Emerald, O'Hara, and Wapta Lakes. Kootenay Park borders the Banff-Windermere Highway for a distance of about 62 miles, and contains an area of 587 square miles. Its outstanding attractions are Radium Hot Springs, among the hottest in the Rockies, and Sinclair Canyon, a mighty chasm in the western wall of the Rockies.



The Giant's Steps in Paradise Valley, Banff National Park, Alberta.

*Courtesy, National Parks Bureau of Canada*



The western outposts of Canada's National Park system are Glacier and Mount Revelstoke Parks in the Selkirk Mountains. Glacier Park, served only by railway, is a primitive area of 521 square miles. Mount Revelstoke Park, containing 100 square miles, is situated at a general elevation of 6,000 feet above sea level, and is accessible by a spectacular highway from the town of Revelstoke.



Lake Louise, Banff National Park, Alberta.

*Courtesy, Canadian Government Motion Picture Bureau*

Eastward in the Prairie Provinces are found parks, different, but not less attractive, in type of beauty. Prince Albert National Park, containing an area of 1,869 square miles, lies almost in the geographical centre of Saskatchewan. It possesses a remarkable system of lakes interconnected by small streams and rivers, and forms a paradise for fishermen and lovers of outdoor life. Southeasterly, in Manitoba, is Riding Mountain National Park, a well-timbered area of 1,148 square miles situated at an altitude of 2,000 feet. It is easily accessible by rail and highway and ranks as one of Canada's most popular vacation centres.

Three national parks in Ontario provide ideal vacation and camping areas in beautiful surroundings. Point Pelee Park, the most southerly mainland point in Canada, has miles of fine sand beaches, and is also one of the outstanding bird sanctuaries of the Dominion. Georgian Bay Islands Park, comprising a group of islands in the famed Georgian Bay region, and St. Lawrence Islands Park, which includes several islands and a mainland reservation among the "Thousand Islands", also have been reserved for public use.

The recent establishment of Cape Breton Highlands National Park in Nova Scotia adds a new type of scenery to the Dominion playgrounds. This park contains 390 square miles, and its attractive sea beaches and rugged coastline, backed by a high mountainous tableland with deep valleys opening to the sea, provide views that are among the experiences of a lifetime. The park is accessible by the Cabot Trail, a motor highway which girdles its northern portion and connects with the main provincial highways.

Prince Edward Island National Park, established in 1937, extends along the northern shore of that province for a distance of 25 miles. In its seven square miles are magnificent stretches of fine sand beaches and dunes backed by forested and agricultural areas of great pastoral charm. These new maritime parks, where development is proceeding, promise to become two of the most popular vacation areas on the continent.

While all national parks are wild-life sanctuaries, some are more particularly devoted to the protection of big-game animals threatened with extinction by the advance of settlement over their former range. Buffalo and Elk Island National Parks, in Alberta, fenced areas of 197 and 51 square miles, respectively, contain large herds of buffalo and elk as well as a large number of moose and deer. Nemiskam National Park provides, within its area of eight square miles, a sanctuary for prong-horned antelope. Elk Island National Park also possesses excellent facilities for outdoor life and recreation and has been developed into a widely-known vacation area.

Another function of national park administration is that concerned with the preservation, restoration, and marking of historic sites throughout the Dominion. In the work of acquiring and selecting sites worthy of commemoration, the Dominion Government has the assistance of the Historic Sites and Monuments Board, a group of recognized authorities on the history of the section of the country they represent. Of the total number of sites that have been considered by the Board, nearly 300 have been suitably marked by the Department of Mines and Resources and many others recommended for future attention. Two of the largest and best-known historic sites in the Maritime Provinces, Fort Beauséjour, near Sackville, New Brunswick, and Fort Anne, at Annapolis Royal, Nova Scotia, have been established as national historic parks. Intimately associated with events relating to the early history of Canada, these parks possess fine museums containing many interesting exhibits.

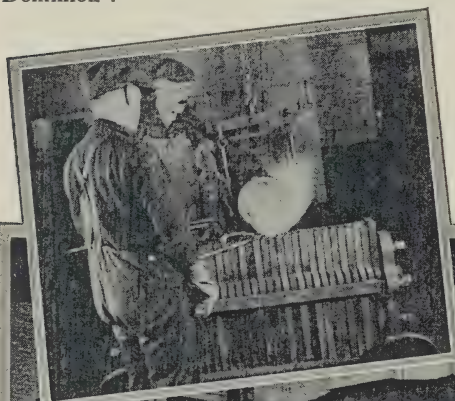
National Parks are thus conserving for the future outstanding regions of natural beauty and places of national interest, to which Canadians and visitors from other countries have access for all time. Their value to Canada is increasing each year for they are not only serving to meet the educational and recreational needs of her people, but, by helping to swell the flow of tourist travel from abroad, they are also adding to the economic wealth of the nation.

## CHAPTER XVII

### PUBLIC FINANCE

#### Dominion Finance

Among the powers conferred on the Dominion Government by the British North America Act were: the right to deal with the public debt and property; the right to raise money by any system of taxation (the provinces were limited to direct taxation); and the borrowing of money on the credit of the Dominion. The Department of Finance was established in 1869 to have "supervision, control and direction of all matters relating to financial affairs, public accounts, and revenue and expenditure of the Dominion".



Casting Gold Bars  
for Coinage.



Furnaces for Assay Work, Royal Canadian Mint, Ottawa.

*Courtesy, Canadian Government Motion Picture Bureau*

At Confederation the revenues, notably the customs and excise duties that had previously accrued to the treasuries of the provinces, were transferred to the Dominion and combined into a consolidated revenue



fund against which certain specific charges, such as cost of collection, interest on public debt, and salary of the Governor General, were made. The remainder of the fund was appropriated by Parliament. The public works, cash assets, and other property of the provinces, except lands, mines, minerals, and royalties, also became Dominion property. In its turn the Dominion became responsible for the pre-existing debts of the provinces.

Since the main source of the revenues of the provinces was now taken over, the Dominion undertook to pay annual subsidies to the provinces for the support of their governments and legislatures. With the growth of the Dominion, the principle of subsidy payments has been extended to the western provinces and from time to time adjustments have been made in the moneys so paid.

### Dominion Finances, 1868-1939

Fiscal Year	Revenue Receipts	Per Capita Receipts <sup>1</sup>	Total Expenditure	Per Capita Expenditure <sup>1</sup>	Net Debt at End of Year	Net Debt per Capita
	\$	\$	\$	\$	\$	\$
1868.....	13,687,928	3-90	14,071,689	4-01	75,757,135	21-58
1871.....	19,375,037	5-25	19,293,478	5-23	77,709,518	21-06
1881.....	29,635,298	6-85	33,796,643	7-82	155,395,780	35-93
1891.....	38,579,311	7-98	40,793,208	8-44	237,809,031	49-21
1901.....	52,516,333	9-78	57,982,866	10-80	268,480,004	49-99
1911.....	117,884,328	16-36	122,861,250	17-05	340,042,052	47-18
1921.....	436,292,184	49-65	528,302,513 <sup>2</sup>	60-12	2,340,878,984	266-37
1926.....	382,893,009	40-51	355,186,423 <sup>2</sup>	37-58	2,389,731,099	252-85
1931.....	357,720,435	34-48	441,568,433 <sup>2</sup>	42-56	2,261,611,937	217-94
1932.....	334,508,081	31-84	448,742,316 <sup>2</sup>	42-71	2,375,846,172	226-14
1933.....	311,735,286	29-19	532,369,940 <sup>2</sup>	49-84	2,596,480,826	243-09
1934.....	324,660,590	30-00	468,157,905 <sup>2</sup>	42-33	2,729,978,140	252-22
1935.....	361,973,763	33-10	478,106,581 <sup>2</sup>	43-72	2,846,110,958	260-28
1936.....	372,595,996	33-79	532,585,555 <sup>2</sup>	48-29	3,006,100,517	272-59
1937.....	454,153,747	40-84	532,005,432 <sup>2</sup>	47-84	3,083,952,202	277-33
1938.....	516,692,749	46-10	534,408,117 <sup>2</sup>	47-68	3,101,667,570	276-71
1939.....	502,171,354	44-37	553,063,097 <sup>2</sup>	48-88	3,152,559,314	278-62

<sup>1</sup> Per capita figures for census years are based upon census populations and for intervening years on official estimates. <sup>2</sup> Includes advances to railways and transfers from active to non-active assets.

At the time of the formation of the Dominion, the revenue collections were comparatively small but obligations shouldered by the central government provided for completion of the Intercolonial railway, and, with the entry of British Columbia, for the construction of the Canadian Pacific railway; early in the present century the National Transcontinental was undertaken. Indeed, the single item of railways and canals accounted for almost the entire increase in the net direct debt of from \$76,000,000 in 1868 to \$336,000,000 in 1914. To a very great extent, therefore, the national debt down to the War of 1914-18 represented expenditures for productive purposes and tangible assets were acquired by the Dominion therefor. Moreover, this debt was largely held outside Canada. The next decade witnessed the tremendous increase in the direct debt from \$336,000,000 to a maximum of \$2,453,777,000 in 1923—an increase of over two billions of dollars not represented, in the main, by corresponding assets, and upon which interest charges were relatively high. One redeeming feature was that the major portion of this debt was held within the country, for the abnormal prosperity induced by the War provided Canadians with the funds to invest in Government issues and the added

desire of the Government to tap the rapidly-accumulating resources of the masses was instrumental in instructing the man-in-the-street how to invest his money in bonds. Following 1923 there was a steady fall in the net direct debt to \$2,177,764,000 in 1930, but the depression, with accompanying railway deficits and large necessary expenditures for unemployment relief, has established a new high level of indebtedness of \$3,152,559,314, as at Mar. 31, 1939, or an equivalent of \$278.62 net debt per capita.

**Fiscal Year 1938-39.**—The Minister of Finance, the Hon. Chas. A. Dunning, in his Budget Speech of Apr. 25, 1939, outlined the financial position of Canada and estimated that the over-all deficit for 1939-40 should not exceed \$60,000,000, exclusive of any further losses which might be incurred through the Government's guarantee of wheat marketings.

The most important tax change was the provision for a credit against income tax equal to 10 p.c. of the capital expenditures made by any individual, firm, partnership, or corporation in the year preceding Apr. 30, 1940. Provision was also made for extension to Jan. 1, 1943, of the period of eligibility for the three-year exemption from income tax granted to new metalliferous mines. In order to implement the undertaking made in the United States-United Kingdom Trade Agreement, the Budget exempted all but goods entering the country under the General Tariff from the special excise tax of 3 p.c. on imports. Minor changes were made in the Customs Tariff and the Income War Tax Act, while under the Excise Act the tax on spirits used in making vinegar was increased from 27 cents per gallon to 60 cents per gallon.

*The Special War Budget.*—On Sept. 12, 1939, at a special session of Parliament called following on the outbreak of war in Europe, the Acting Minister of Finance, Hon. J. L. Ilsley, presented a comprehensive program of tax changes intended to provide revenues to meet the additional expenditures arising out of Canada's participation in the war. The most important feature of this program was the Excess Profits Tax Act, which provided for a tax on excess profits, to be calculated at the option of the taxpayer on either of two bases. One option embodies a graduated tax on profits when calculated as a percentage of capital employed in the undertaking, while the other option embodies a tax of 50 p.c. on the increase in profits over the average profits for the four years 1936, 1937, 1938, and 1939, or the four fiscal periods of the taxpayer ending therein. It was provided that, in either case, the ordinary income tax paid could be deducted as an expense before calculating the Excess Profits Tax.

Under the Income War Tax Act the ordinary rate of tax on corporations was increased from 15 p.c. to 18 p.c., while the rate on corporations making a consolidated return was increased from 17 p.c. to 20 p.c. A war surtax equal to 20 p.c. of the tax payable by individuals under existing income tax rates was levied. Allowance of contributions to patriotic organizations as a deduction up to 50 p.c. of net taxable income was also provided for.

Under the Excise Act the duty on spirits was increased from \$4 to \$7 per proof gallon; the duty on Canadian brandy was increased from \$3 to \$6 per proof gallon; the duty on malt was increased from 6 cents to 10 cents per pound; the duty on manufactured tobacco, with the exception of cigarettes, was increased from 20 cents to 25 cents per pound; the duty on

cigarettes weighing not more than three pounds per thousand was increased from \$4 per thousand to \$5 per thousand. Other changes affecting malt liquor and malt syrup were also made.

Under the Customs Tariff, increases were made in the duty on imported beers, liquors, wines, and tobaccos to correspond with the increases made in the tax on these products when manufactured domestically. In addition, there was imposed an increase in the duty on coffee of 10 cents per pound, and of 5 cents per pound on tea valued less than 35 cents per pound, 7½ cents per pound on tea valued 35 cents or more but less than 45 cents per pound, and 10 cents per pound on tea valued 45 cents or more per pound.



Chlorination Room, Refinery, Royal Canadian Mint, Ottawa.

*Courtesy, Canadian Government Motion Picture Bureau*

Although no increase was made in the rate of sales tax, important items were removed from the exempt list, including canned fish, salted or smoked meats, and electricity and gas when used in a dwelling place. Carbonic acid gas and similar preparations used for aerating non-alcoholic beverages were taxed at the rate of 2 cents per pound under the Special War Revenue Act, while the tax on wines of all kinds, except sparkling wines containing not more than 40 p.c. proof spirit, was increased to 15 cents per gallon; the tax on champagne and all other sparkling wines was increased to \$1.50 per gallon.

*The Public Accounts.*—In the Public Accounts, receipts on ordinary account are classified under two headings: (1) receipts from taxation; and (2) non-tax revenue resulting from public services maintained by the Government. Special receipts, which are usually of a non-recurring character, are included in a third category. Expenditures are now being classified under four headings: (1) ordinary expenditures, which include the



ordinary operating costs of government, pensions, subsidies to provinces, etc.; (2) capital expenditures on account of railways, canals, and public works; (3) special expenditures consisting chiefly of expenditures designed to relieve unemployment and agricultural distress, etc.; and (4) Government-owned enterprises, representing losses of, or non-active advances to Government-owned enterprises that are operated as separate corporations. Previous to the fiscal year 1935-36, this latter type of expenditure was shown under special expenditure or loans and advances (non-active).

The public revenues decreased by \$14,521,000 in 1938-39 as compared with the previous year, an all-time record in income tax collections being more than offset by declines in all other tax categories.

Total receipts from taxation for the year 1938-39 amounted to \$435,707,000 as compared with \$448,652,000 in the previous year, \$386,551,000 in 1936-37 and \$317,312,000 in 1935-36. Summary figures of receipts and expenditures follow:—

### Summary of Total Receipts, Fiscal Years 1936-39

Item	1935-36	1936-37	1937-38	1938-39
	\$'000	\$'000	\$'000	\$'000
Customs Import Duties.....	74,005	83,771	93,456	78,751
Excise Duties.....	44,410	45,957	52,037	51,314
War Tax Revenue—				
Banks.....	1,281	1,210	1,107	1,014
Insurance companies.....	761	775	867	891
Income tax.....	82,710	102,365	120,366	142,026
Sales tax.....	77,552	112,532	138,055	122,139
Tax on cheques, excise taxes, etc.....	35,181	39,641	42,764	39,572
Tax on gold.....	1,412	—	—	—
Totals, Receipts from Taxation.....	317,312	386,551	448,652	435,707
Non-tax Revenues.....	54,910	58,478	61,646	62,310
Total Consolidated Fund Receipts.....	372,222	445,029	510,298	498,017
Special Receipts and Other Credits.....	374	9,125	6,395	4,154
<b>Grand Totals.....</b>	<b>372,596</b>	<b>454,154</b>	<b>516,693</b>	<b>502,171</b>

### Summary of Total Expenditures, Fiscal Years 1936-39

Item	1935-36	1936-37	1937-38	1938-39
	\$'000	\$'000	\$'000	\$'000
Ordinary Expenditure.....	372,539	387,112	414,891	413,032
Capital Expenditure.....	6,544	8,492	4,430	5,424
Special Expenditure <sup>1</sup> .....	102,047	78,004	68,535	71,895
Government-owned Enterprises <sup>2</sup> .....	50,941	44,218	44,833	58,944
Other Charges.....	515	19,179	1,719	3,768
<b>Grand Totals.....</b>	<b>532,586</b>	<b>532,005</b>	<b>531,408</b>	<b>553,063</b>

<sup>1</sup> Includes \$49,836,000 for unemployment relief in 1935-36; \$69,253,000 grants-in-aid to provinces and relief projects and \$8,751,000 special drought area relief in 1936-37; \$43,948,000 grants-in-aid to provinces and relief projects and \$24,586,000 special drought area relief in 1937-38; \$25,000,000 reserve against estimated losses on wheat marketing guarantees applicable to fiscal year 1938-39.

<sup>2</sup> Includes net income deficit of the Canadian National Railways (including Eastern lines) incurred in the calendar years 1935 to 1938 as follows: \$47,421,000, \$43,303,000, \$42,346,000, and \$54,314,000, taken into the accounts of the Dominion in the fiscal year after the close of the calendar year.

It will be seen from the above tables that, for the fiscal year ended Mar. 31, 1939, total receipts of \$502,171,000 compared with total expenditures of \$553,063,000, including net income deficit of the Canadian National

Railways amounting to \$54,314,000 and \$25,000,000 reserve against estimated losses on wheat marketing guarantees applicable to the fiscal year 1938-39. Thus the total deficit for that year was \$50,892,000. This is substantially more than the deficit of \$17,715,000 shown in the preceding year and considerably less than the deficits for 1936-37 and 1935-36 which amounted to \$77,851,000 and \$159,989,000, respectively.

## Provincial and Municipal Finance

### Provincial Finance

Provincial Governments in Canada are in the position, under Section 118 of the British North America Act, 1867 (30 and 31 Vict., c. 3), and the British North America Act, 1907 (7 Edw. VII, c. 11), of having a considerable assured income in subsidies from the Dominion Treasury. In addition, through the ownership of their lands, minerals, and other natural resources, the provinces are in a position to raise considerable revenues through land sales, sales of timber, mining royalties, leases of water powers, etc. Further, under Section 92 of the British North America Act, provincial legislatures are given authority to impose direct taxation within the province for provincial purposes and to borrow money on the sole credit of the province.

Among the chief methods of taxation to be employed has been the taxation of corporations and estates. Prominent among the objects of increased expenditure are education, public buildings, public works (especially roads and highways), labour protection, charities, hospitals, and places of correction.

### Aggregate Provincial Revenues and Expenditures

Fiscal Year	Ordinary Revenue	Ordinary Expenditure	Direct Liabilities <sup>1</sup>
	\$	\$	\$
1901.....	14,074,991	14,146,059	<sup>2</sup>
1921.....	102,030,458	102,569,515	565,470,552
1926.....	146,450,904	144,183,178	893,499,812
1929.....	183,598,024	177,542,192	1,034,071,264
1930.....	188,154,910	184,804,203	1,140,953,696
1934.....	175,867,349	229,483,726	1,558,601,636 <sup>3</sup>
1935.....	160,567,695 <sup>4</sup>	181,175,687 <sup>4</sup>	1,717,370,436
1936.....	232,616,182	248,141,808	1,839,322,142
1937.....	268,497,670	253,443,737	1,862,303,955
1938 <sup>5</sup> .....	266,578,260	252,151,331	1,909,727,805
Prince Edward Island.....	1,894,135	1,974,248	9,597,841
Nova Scotia.....	11,804,383	11,296,664	106,019,569
New Brunswick.....	8,609,192	8,549,782	97,784,251
Quebec.....	53,344,037	50,335,751	283,495,889
Ontario.....	99,838,596	95,228,877	687,959,345
Manitoba.....	16,932,889	16,427,700	141,083,453
Saskatchewan.....	19,109,668	19,306,527	202,097,959
Alberta.....	24,127,806	21,359,739	173,678,127
British Columbia.....	30,917,554	27,672,043	208,011,371

<sup>1</sup> Sinking funds are not deducted. <sup>2</sup> Not available. <sup>3</sup> In addition, there were trust account liabilities amounting to \$47,920,235 in 1934. There were corresponding offsetting trust account assets amounting to \$47,920,235 in 1934. <sup>4</sup> Nova Scotia figures are for fourteen months and Ontario for five months. <sup>5</sup> Figures of ordinary revenue and expenditure for 1938 are not all-inclusive and therefore not entirely comparable with those for previous years.

**The Growth of Provincial Taxation.**—Whereas in earlier years the Dominion subsidies, together with the revenues arising out of the natural resources of the provinces and from fees for specific services rendered to

the citizens, nearly sufficed to cover the whole expense of government and rendered a resort to taxation for provincial purposes practically unnecessary in most of the provinces, the great increase in the functions of government since the commencement of the present century has put an end to this state of affairs. Ordinary provincial taxation (covering succession duties and taxation of incomes, corporations, lands, mines or minerals, amusements, etc.) amounted to \$12,575,159 in 1916, to \$42,593,417 in 1929, \$51,621,242 in 1930, \$48,383,044 in 1933, \$46,741,293 in 1934, \$63,516,087 in 1936 and \$82,279,924 in 1937. In addition to this ordinary taxation, provincial revenues have been augmented by the control of the liquor traffic, the issuance of licences and permits for motor vehicles, and by the imposition of taxes on gasoline sales. In recent years the revenues collected from these sources alone have far exceeded those from ordinary taxation, the figures being: Liquor traffic control profits, 1929, \$27,599,687; 1931, \$32,128,693; 1934, \$12,814,120; 1935, \$10,818,228; 1936, \$19,338,366; 1937, \$23,457,320. Motor vehicles (including licences and permits, 1929, \$21,735,827; 1931, \$19,952,575; 1934, \$20,840,513; 1935, \$19,754,336; 1936, \$22,854,410; 1937, \$26,053,580. Gasoline tax, 1929, \$17,237,017; 1931, \$23,859,067; 1934, \$26,812,275; 1935, \$20,474,977; 1936, \$32,310,353; 1937, \$35,415,061.

The increasing use of automobiles for both commercial purposes and pleasure is clearly demonstrated by the revenue figures for motor vehicles and gasoline taxes shown above. The rate of gasoline tax has been increased repeatedly in all provinces since its inception and many of these increases were made in the period of the depression after 1930; gasoline tax revenue is therefore not a good criterion as to mileage run unless these changes in taxes are considered.

**Bonded Indebtedness of the Provinces.**—The bonded indebtedness of the provinces amounts to about 77·5 p.c. of their total direct liabilities. In recent years, the aggregate bonded indebtedness of the provinces has increased steadily. The total for the nine provinces was \$704,225,134 in 1925, \$817,940,202 in 1929, \$1,224,372,822 in 1933, \$1,329,684,651 in 1934, \$1,373,321,604 in 1935, \$1,426,293,679 in 1936, \$1,442,544,809 in 1937, and \$1,533,524,253, in 1938. This bonded indebtedness for 1938 was divided by provinces as follows: P.E.I., \$6,690,000; N.S., \$102,666,380; N.B., \$89,801,573; Que., \$257,576,099; Ont., \$585,557,531; Man., \$93,997,481; Sask., \$123,949,693; Alta., \$127,999,260; B.C., \$145,286,236. The development of the principle of public ownership is largely responsible for the high bonded indebtedness in certain provinces, particularly in Ontario where the hydro-electric system and the provincially-owned Temiskaming and Northern Ontario Railway largely account for the bonded indebtedness of the province. These public utilities are, of course, revenue-producing.

### Municipal Finance

Under the provisions of the British North America Act, the municipalities are the creations of the Provincial Governments. Their organization and their powers vary in different provinces, but almost everywhere they have very considerable powers of local self-government. If we include the local government districts of Saskatchewan and Alberta, there are 4,317 municipal governments in Canada. These 4,317 municipal governments have together probably 20,000 members described as mayors, reeves, controllers, councillors, etc., the experience training them for the



wider duties of public life in the Dominion and in the provinces. Certain of the larger municipalities, indeed, are larger spenders of public money than are some of the provinces.

The cost of municipal government, like the cost of provincial and Dominion government, has greatly increased compared with 1914 and earlier years, principally due to the services demanded from municipal bodies. Among such public services that play a large part in municipal expenditures may be mentioned education, roads and highways, sanitation, fire and police protection, and charities and social relief. The cost of these services is almost entirely met by municipal governments through local taxation. In the Province of Prince Edward Island there is no municipal system outside Charlottetown and seven small incorporated towns.

**Municipal System of Taxation.**—Throughout the Dominion, the chief basis of municipal taxation is the real estate within the limits of the municipalities; in certain provinces, however, personal property, income, and business carried on are also taxed. General taxes are normally levied at the rate of so many mills on the dollar of the assessed valuations, although the basis of assessment varies widely in different provinces and in municipalities within the same province. In some provinces Equalization Boards have placed a more equitable valuation on lands as among the various rural municipalities.

The period of depression was responsible for a very considerable delinquency in tax payments, while the burden of unemployment relief since 1930, which has been carried by the municipalities with help from the Provincial and Dominion Governments, has been increasingly heavy. The resulting heavy taxation upon real estate has tended to curtail new building for commercial and industrial as well as residential purposes and is responsible in no small measure for the slow recovery of the construction industry (p. 104) in spite of the encouragement of residential construction by the National Housing Act (pp. 99-101).

**Bonded Indebtedness of Municipalities.**—Like other Canadian governing bodies, the municipalities of the greater part of Canada borrowed rather too freely during the years in the last post-war period. The following table shows the total municipal bonded debt outstanding in each province for 1937, compared with 1919.

**Municipal Bonded Debt for 1919 and 1937 and Sinking Funds for 1937, by Provinces**

Province	Total Gross Bonded Indebtedness of Municipalities		Sinking Funds Offsetting Gross Bonded Indebtedness
	1919	1937	1937
	\$	\$	\$
Prince Edward Island.....	970,100	2,901,175	588,332
Nova Scotia.....	17,863,881	34,695,716	12,250,123
New Brunswick.....	11,188,467	26,591,813	8,021,877
Quebec.....	199,705,568	513,533,544	77,372,509
Ontario.....	243,226,877	425,744,208	59,829,018
Manitoba.....	55,562,788	94,487,659	43,736,244
Saskatchewan.....	39,585,388	85,507,932	19,232,213
Alberta.....	60,870,464	60,964,770	20,106,819
British Columbia.....	94,741,015	122,780,368	30,123,028
<b>Totals.....</b>	<b>729,715,148</b>	<b>1,837,207,193</b>	<b>271,260,163</b>

## CHAPTER XVIII

### CURRENCY—BANKING—INSURANCE—LOAN AND TRUST COMPANIES—CAPITAL INVESTMENTS, ETC.

#### Currency

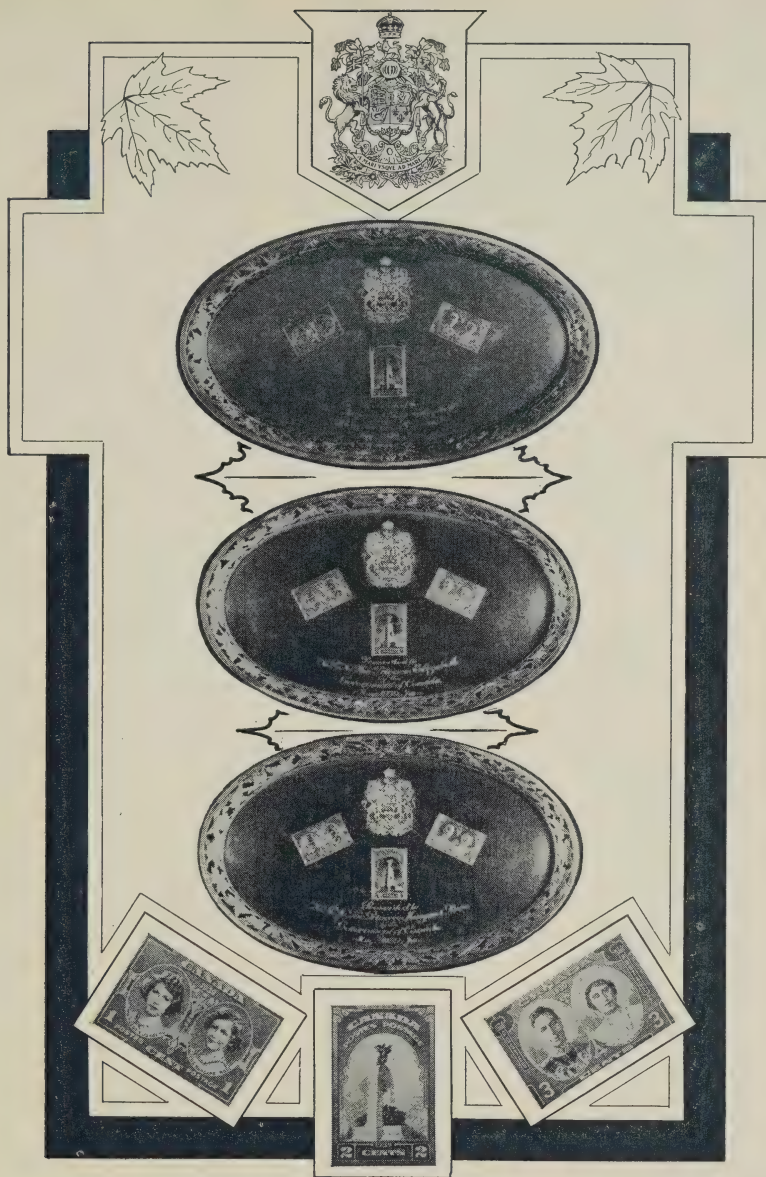
Early trade in Canada was carried on largely by barter. Beads, blankets, beaver and other furs, tobacco, and wheat have been, at various times, used for currency. Further, under the French *régime*, playing cards, stamped with a value and redeemable yearly on the receipt of bills of exchange on Paris, came into circulation. In the early years of the British period, the Spanish dollar and the English shilling were the chief mediums of exchange, together with such paper money as the army bills issued by the Government for supplies during the War of 1812. In 1853 a measure was passed providing for the adoption of decimal currency with a dollar equivalent to the United States dollar, and from Jan. 1, 1858, the accounts of the Province of Canada were kept in terms of dollars. The use of the dollar as a monetary unit was extended throughout the new Dominion by the Uniform Currency Act of 1871.

The Canadian gold dollar weighs 25·8 grains, nine-tenths fine gold, and thus contains 23·22 grains of gold. Only very limited issues of gold coin have ever been made. British and United States gold coin are legal tender in Canada. Subsidiary silver coin is legal tender up to \$10; the 5-cent piece (now made of nickel) is legal tender up to \$5; and the 1-cent bronze coin, up to 25 cents. Since 1931, the Government has permitted the export of gold only under licences issued by the Department of Finance, thus conserving the gold resources of the nation to meet the external obligations, and Canadian mines now dispose of their gold through the Royal Canadian Mint according to definite conditions of purchase.

**Bank Notes.**—Canadians early became accustomed to the free circulation of paper money, either in the form of notes of the chartered banks or of notes issued by the Government.

Under the Bank Act the chartered banks may issue notes of the denominations of \$5 and multiples thereof to the amount of their paid-up capital. This amount is to be reduced by 5 p.c. per annum for a period of five years from Jan. 1, 1936, and by 10 p.c. per annum for a period of five years from Jan. 1, 1941. In case of insolvency, bank notes are a first lien on assets and for over fifty-five years no note holder has lost a dollar.

In addition to notes of the chartered banks, there are also now in circulation notes of the Bank of Canada. These notes may be issued to any amount as long as the Bank maintains a reserve in gold equal to at least 25 p.c. of its note and deposit liabilities. Prior to the establishment of the Bank of Canada, the Government issued notes under certain statutory authorities, backed in part by gold and securities. The Dominion's liability in respect of these notes was assumed by the Bank of Canada on Mar. 11, 1935. The following table shows the average amount of bank notes and Dominion (or Bank of Canada) notes outstanding in various years.



Silver Trays Presented to Her Majesty Queen Elizabeth, H.R.H. the Princess Elizabeth, and H.R.H. the Princess Margaret Rose, respectively, by the Postmaster General on behalf of the Government of Canada during Their Majesties' Visit to Canada, May 17 to June 15, 1939.—Each tray is engraved with replicas of the Canadian Coat-of-Arms and the three commemorative stamps issued for the occasion.

*Courtesy, Post Office Department and Canadian  
Bank Note Company, Limited*



## Notes Outstanding, 1900-39

(Yearly Averages)

Year	Dominion or Bank of Canada Notes Outstanding	Bank Notes Outstanding	Year	Dominion or Bank of Canada Notes Outstanding	Bank Notes Outstanding
	\$	\$		\$	\$
1900.....	26,550,465	46,574,780	1933.....	179,217,446	136,362,488
1910.....	89,628,569	82,120,303	1934.....	190,261,981	135,537,793
1920.....	305,806,288	288,800,379	1935.....	127,335,340 <sup>1</sup>	125,644,102
1929.....	204,381,492	178,291,030	1936.....	105,275,223 <sup>1</sup>	119,507,306
1930.....	174,616,019	159,341,085	1937.....	141,053,457 <sup>1</sup>	110,259,134
1931.....	153,079,362	141,969,350	1938.....	161,137,069 <sup>1</sup>	99,870,493
1932.....	165,878,510	132,165,942	1939.....	176,377,920 <sup>1,2</sup>	94,559,128 <sup>2</sup>

<sup>1</sup> Since Mar. 11, 1935, the figures used represent Bank of Canada notes.<sup>2</sup> Averages for ten months.

## Banking

The Canadian banking system is a product of evolution, having grown up gradually with changes made from time to time as experience directed. Its most distinctive feature, the branch-bank system, is well adapted to the needs of a country of wide area and scattered population.

Banking in Canada began to develop some of the features of a central bank system soon after Confederation. These in chronological order are:—

(1) *Central Note Issue*, permanently established with the issue of Dominion notes under legislation of 1868.

(2) *The Canadian Bankers' Association*, established in 1900 to effect greater co-operation in the issue of notes, in credit control, and in various other ways.

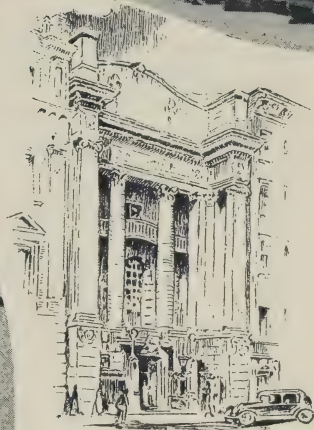
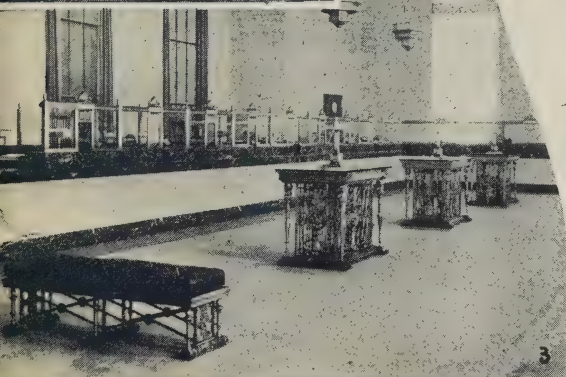
(3) *Central Gold Reserves*, established in 1913.

(4) *Re-discount Facilities*, made a permanent feature of the system in 1923, provided the banks with a means of increasing their legal tender cash reserves at will.

(5) *The Bank of Canada*, established in 1935.

**The Bank of Canada.**—Legislation was enacted in 1934 to establish the Bank of Canada as a "central" or "bankers'" bank. The original shares were sold to the public. Under a 1936 amendment additional shares constituting a majority of the outstanding stock, were sold to the Minister of Finance on behalf of the Government of Canada. During the 1938 session of Parliament, legislation was passed for the purchase of all shares then in the hands of the public by the Government so that the Bank of Canada is now completely owned by the people of Canada as a whole. The Bank of Canada assumed the liability of the Dominion notes in circulation on Mar. 11, 1935, when the Bank commenced business, in return for gold and silver held by the Government as security for Dominion notes and 3 p.c. five-year Dominion of Canada bonds. The chartered banks also surrendered to the Bank of Canada the gold held by them in Canada at the currency value (\$20·67 per fine ounce). An allowance was made to the banks in respect of 40 p.c. of the gold held by them, which proportion of their gold was considered as being held against foreign liabilities. For this gold they received the market price.

The Bank is empowered to buy and sell securities in the open market; to discount securities and commercial bills; to fix minimum rates at which it will discount; to buy and sell bullion and foreign exchange. It is the



A Few of Canada's Commercial Banking Institutions.—(1) The Main Toronto Office and Provincial Headquarters for the Bank of Montreal in Ontario—now under construction; (2) Main Banking Room, Bank of Montreal, Montreal, Que. (3) Main Banking Room, Bank of Nova Scotia, Halifax, N.S.; (4) Drawing of the Bank of Nova Scotia, Toronto, Ont. (5) Banking Hall, Canadian Bank of Commerce, Toronto, Ont. (6) Head Office, Canadian Bank of Commerce, Toronto, Ont.

*Courtesy, Bank of Montreal, Bank of Nova Scotia,  
and Canadian Bank of Commerce*



main issuer of paper money in Canada and will become increasingly so as the chartered banks gradually reduce their issues to 25 p.c. of their paid-up capital (see p. 178). The Bank may issue notes to any amount so long as it maintains a reserve of gold coin and bullion equal to not less than 25 p.c. of its note and deposit liability in Canada. The reserve, in addition to the gold coin and bullion, may include silver bullion, foreign exchange, securities of the United Kingdom and the United States having a maturity not exceeding three months, and bills of exchange having a maturity not exceeding ninety days and payable in the United Kingdom, the United States, or a gold standard country.

The chartered banks are required to maintain a reserve of not less than 5 p.c. of their deposit liabilities payable in Canadian dollars in the form of deposits with and notes of the Bank of Canada.

The Bank acts as the fiscal agent of the Dominion of Canada and may, by agreement, act as banker or fiscal agent for any province. The Bank does not accept deposits from individuals and thus does not compete with the chartered banks in the commercial banking field.

**Commercial Banking.**—The number of chartered banks, which was 36 in 1881 and 34 in 1901, decreased to 25 in 1913 and is now only 10. This lessening of the number of banks has been accompanied by a great increase in the number of branches. In 1868 there were only 123 branch banks in Canada. By 1902 the number, including sub-agencies, had grown to 747, by 1916 to 3,198 and by 1929 to 4,069, but by the beginning of 1939 the number had decreased to 3,332. From 1867 to October, 1939, the total assets have grown from \$78,000,000 to \$3,852,000,000.

#### Statistics of Individual Chartered Banks as at Oct. 31, 1939

Bank	Branches in Canada and Abroad <sup>1</sup>	Total Assets	Liabilities to Shareholders	Liabilities to the Public	Total Liabilities	Loans and Discounts	Deposits by the Public
	No.	\$ '000,000	\$ '000,000	\$ '000,000	\$ '000,000	\$ '000,000	\$ '000,000
Bank of Montreal.....	489	1,026	75	949	1,024	282	896
Bank of Nova Scotia.....	300	339	36	302	338	127	281
Bank of Toronto.....	171	164	15	147	162	56	138
Banque Provinciale du Canada.....	135	64	5	59	64	20	51
Canadian Bank of Commerce.....	532	746	50	694	744	280	651
Royal Bank.....	695	970	55	911	966	359	852
Dominion Bank.....	133	164	14	149	163	66	138
Banque Canadienne Nationale.....	225	164	12	151	163	71	143
Imperial Bank of Canada.....	193	188	15	172	187	76	161
Barclay's Bank (Canada) <sup>2</sup>	2	27	2	25	27	2	19
<b>Totals, Oct. 1939.....</b>	—	3,852	279	3,559	3,828	1,339	3,330
<b>Totals, 1938<sup>3</sup>.....</b>	2,875	3,349	279	3,057	3,336	1,201	2,824
<b>Totals, 1937<sup>3</sup>.....</b>	2,890	3,317	279	3,026	3,305	1,201	2,776
<b>Totals, 1936<sup>3</sup>.....</b>	2,961	3,145	278	2,856	3,134	1,141	2,615
<b>Totals, 1935<sup>3</sup>.....</b>	2,978	2,957	278	2,668	2,946	1,276	2,427
<b>Totals, 1930<sup>3</sup>.....</b>	3,598	3,237	305	2,910	3,215	2,065	2,517
<b>Totals, 1920<sup>3</sup>.....</b>	4,876	3,064	252	2,784	3,036	1,935	2,438
<b>Totals, 1910<sup>3</sup>.....</b>	2,621 <sup>4</sup>	1,211	179	1,019	1,198	870	910
<b>Totals, 1900<sup>3</sup>.....</b>	641	460	98	356	454	279	305

<sup>1</sup> As at Dec. 31 of previous year. Does not include sub-agencies.

<sup>2</sup> Barclay's Bank commenced operations in Canada in September, 1929.

<sup>3</sup> Averages from the respective monthly statements, except in the case of the numbers of branches in Canada and abroad which are as at Dec. 31.

<sup>4</sup> 1911.



Of late years the banks of Canada have extended their business outside of the country itself and at the beginning of 1939 had among them 141 branches (not including sub-agencies) in foreign countries, mainly in Newfoundland, the West Indies, Central and South America, and in the great centres of international finance, London, Paris, and New York.

The numbers of branches, assets, liabilities, loans, and deposits of the Canadian chartered banks as at Oct. 31, 1939, by banks, together with totals (yearly averages) for certain years are shown in the table on p. 182.

**Bank Clearings and Bank Debits.**—Through the clearing houses, inter-bank transactions have been recorded since 1889; they form a valuable indication of the trend of business. They, however, do not tell the whole story, since numerous transactions between persons who carry their accounts in the same bank are not recorded in bank clearings; also, every amalgamation of banks lessens the total volume of clearings. Again, head office clearings have been effected through the Bank of Canada since Mar. 11, 1935, and this has tended to increase exchanges compared with previous years. For these reasons, a record of cheques debited to accounts at all branches at clearing-house centres is considered to possess greater reliability as a barometer of economic conditions and such a record was instituted in 1924; between that date and 1929 the grand total of bank debits for Canada increased from \$27,157,000,000 to \$46,670,000,000. Since 1929 there was a steady decline to the 1932 level of \$25,844,000,000, but in the next four years the movement was generally upward, reaching \$35,929,000,000 in 1936. In 1937 and 1938 there were recessions, bank debits in the latter year amounting to \$30,924,000,000, a decrease of 14 p.c. from the 1936 figure.

**Bank Debits at the Clearing-House Centres, by Economic Areas,  
1934-38**

Economic Area	1934	1935	1936	1937	1938
	\$	\$	\$	\$	\$
Maritime Provinces....	534,251,057	574,052,860	630,402,014	733,359,446	639,682,953
Quebec.....	9,449,709,866	8,977,529,023	10,938,647,731	11,568,421,542	9,965,182,391
Ontario.....	14,919,504,095	13,876,626,476	15,778,879,837	15,939,149,497	13,810,063,008
Prairie Provinces.....	6,337,239,720	6,445,395,764	6,505,518,677	4,827,021,407	4,572,383,521
British Columbia.....	1,625,968,184	1,672,462,218	2,075,358,484	2,098,109,246	1,937,050,859
<b>Totals.....</b>	<b>32,866,672,922</b>	<b>31,546,066,341</b>	<b>35,928,606,743</b>	<b>35,166,061,138</b>	<b>30,924,362,732</b>

## Insurance

**Life Insurance.**—The life insurance business was introduced into Canada by companies from the British Isles and the United States about the middle of the nineteenth century. By 1875 there were at least 26 companies, and possibly several more, competing for the available business in Canada, as against 41 active companies registered by the Dominion and a few provincial companies in 1938. Of the 41 active companies registered by the Dominion, 28 were Canadian, 4 British, and 9 foreign.

The development of life insurance in Canada, as in other English-speaking countries at least, has been marked by an increased service to the individual policyholder. The benefits that may now be obtained

under a life insurance policy are calculated to meet the needs of the policyholder and of his dependants, whether in event of old age or in event of death or of disability. In 1919 there was introduced what is known as "group insurance", a plan whereby a group of persons, usually employees, are insured by their employer, for a uniform amount or a varying amount determined by a formula, under one policy, generally on the term plan, the employer paying the premium or a substantial part thereof. Each employee usually has the right to obtain an individual policy at ordinary normal rates, without medical examination, on termination of employment.

As a result of the adaptation of life insurance policies to the needs of the public, and of the growing wealth of the country, the increase in the amount of life insurance in force has been remarkable. In 1869 the total life insurance in force in Canada, by Dominion companies, was only \$35,680,000 as compared with approximately \$6,630,000,000 at the end of 1938. This latter figure was equal to \$591 per head of population. In addition, there was \$179,000,000 of fraternal insurance in force by Dominion licensees and \$134,000,000 of insurance in force by provincial licensees. Thus the total life insurance in force in the Dominion at the end of 1938 was approximately \$6,943,000,000. The premium income from Canadian business of all Dominion registered companies (not including fraternal benefit societies) increased from \$90,000,000 in 1920 to \$221,000,000 in 1930, but decreased to \$199,000,000 in 1938.

The following table shows the sales of life insurance month by month in recent years. The statistics are not complete but represent approximately 85 p.c. of the total business transacted in Canada.

#### Sales of Life Insurance in Canada, by Months, 1937-39

NOTE.—The figures in this table are those published by the Hartford Research Bureau except that totals for Newfoundland, included therein, have been deducted.

Month	1937	1938	1939	Month	1937	1938	1939
	\$'000	\$'000	\$'000		\$'000	\$'000	\$'000
January.....	27,492	30,291	30,131	July.....	32,043	29,775	31,918
February.....	30,402	31,605	30,588	August.....	27,891	27,552	28,194
March.....	31,741	34,484	33,345	September.....	27,214	27,147	36,814
April.....	32,577	29,624	27,938	October.....	33,365	31,495	34,379
May.....	31,559	29,902	33,144	November.....	37,901	36,181	-
June.....	37,316	34,767	35,415	December.....	36,459	35,343	-

**Fire Insurance.**—Fire insurance in Canada began with the establishment, by British fire insurance companies, of agencies usually situated in the seaports and operated by local merchants. The oldest existing agency of a British company is that of the Phoenix Fire Office of London, now the Phoenix Assurance Co., Ltd., which opened in Montreal in 1804.

The Halifax Fire Insurance Co. is the first purely Canadian company of which any record is obtainable. Founded in 1809 as the Nova Scotia Fire Association, it was chartered in 1819 and operated in the province of Nova Scotia until 1919, when it was granted a Dominion licence.

The report of the Superintendent of Insurance for the year ended Dec. 31, 1938, shows that at that date there were 275 fire insurance companies

doing business in Canada under Dominion licences, of which 56 were Canadian, 69 were British, and 150 were foreign companies, whereas in 1875, the first year for which authentic records were collected by the Insurance Department, 27 companies operated in Canada—11 Canadian, 13 British, and 3 United States. The proportionate increase in the number of British and foreign companies from 59 to 80 p.c. of the total number is a very marked point of difference between fire and life insurance in Canada, the latter being carried on very largely by Canadian companies.

The enormous increase since 1869 (the earliest year for which statistics are available) in the fire insurance in force, is no doubt partly due to the growth of the practice of insurance; but it is also important as an indication of the growth of the value of insurable property in the country, and thus throws light upon the expansion of the national wealth of Canada. By 1880, companies with Dominion licences had fire insurance in force totalling \$411,564,271; by 1900, the one billion-dollar mark had almost been reached, and by 1930, the total stood at \$9,672,997,000. At the end of 1938, besides \$9,963,691,423 of fire insurance in force in companies with Dominion licences, there was also \$1,214,374,556 in force in companies with provincial licences, or about \$11,178,065,975 in force with companies, associations, or underwriters licensed to transact business in Canada.

**Miscellaneous Insurance.**—Miscellaneous insurance now includes among other classes in Canada: accident (including personal accident; employers' and property liability, and accidental damage to personal property); sickness; falling aircraft; earthquake; automobile; aviation; burglary; explosion; forgery; fraud; credit; guarantee; hail; inland transportation; live stock; machinery; personal property; plate glass; property; sprinkler-leakage; steam boiler; title; tornado; and weather insurance; etc. Whereas, in 1880, 18 companies were licensed for such insurance, in 1938 there were 250 companies, of which 54 were Canadian, 66 British, and 130 foreign.

The total net premium income for 1938 was \$37,552,257 and the most important class of miscellaneous insurance, according to the amount of premiums received, was automobile insurance, which has greatly increased during the past twenty years; although a decrease had been shown for a few years prior to 1935, there have been increases in 1935, 1936, 1937 and 1938. As recently as 1910, the premium income of companies doing an automobile insurance business was only \$80,466; in 1916 it was \$909,503 and in 1938, \$18,015,202. The premium income of personal accident insurance came second with \$3,246,247. Combined accident and sickness insurance was third in 1938 with \$2,696,848. The premium income of all accident and sickness insurance combined totalled \$10,381,845.

## Loan and Trust Companies

The principal function of loan companies is the lending of funds on first mortgages on real estate, the money thus made available for development purposes being secured mainly by the sale of debentures to the investing public and by savings department deposits. Of the loan companies under provincial charters, the majority operate largely in the more prosperous farming communities.



The number of loan and savings societies in operation and making returns to the Government at Confederation was 19, with an aggregate paid-up capital of \$2,110,403 and deposits of \$577,299. Rapid increases in the number of companies and total volume of business resulted from subsequent legislation. In 1899, 102 companies made returns showing paid-up capital stock of \$47,337,544, reserve funds of \$9,923,728 and deposits of \$19,466,676; total liabilities had increased from \$3,233,985 to \$148,143,496 between 1867 and 1899. After slight decreases in the number of loan companies in operation, through amalgamations and absorptions, further growth was recorded shortly after the turn of the century. As a result of the revision of the laws relating to loan and trust companies in 1914, statistics of provincially incorporated loan and trust companies ceased to be collected, but of late years these have made voluntary returns so that all-Canadian totals are again available.

The paid capital stock of all real-estate-mortgage loan companies at the end of 1938 was \$37,762,799 (Dominion companies \$19,338,653 and provincial companies \$18,424,146); reserve funds \$25,232,397 (Dominion companies, \$14,758,827 and provincial companies, \$10,473,570); liabilities to the public \$128,966,874 (Dominion companies, \$100,660,915 and provincial companies, \$28,305,959); and liabilities to shareholders, \$65,268,045 (Dominion companies, \$35,477,710 and provincial companies, \$29,790,335).

Trust companies act as executors, trustees, and administrators under wills or by appointment, as trustees under marriage or other settlements, as agents or attorneys in the management of the estates of the living, as guardians of minors or incapable persons, as financial agents for municipalities and companies and, where so appointed, as authorized trustees in bankruptcy. Some companies receive deposits but the lending of actual trust funds is restricted by law. Trust companies are principally provincial institutions, since their original main functions were connected with probate, which lies within the sole jurisdiction of the provinces.

The aggregate total assets of the trust companies of Canada at the end of 1938 were \$2,814,272,512 as compared with \$805,000,000 in 1922 (the earliest year for which figures are available). The bulk of these assets (\$2,582,473,976 in 1938) was represented by estates, trusts and agency funds. The assets of Dominion companies in 1938 amounted to \$291,691,038 and of provincial companies to \$2,522,581,474.

### Small Loans Companies

There have been incorporated in recent years by the Parliament of Canada, a number of companies which make small loans, usually not exceeding five hundred dollars each, on the promissory notes of the borrowers and additionally secured in most cases by endorsements or chattel mortgages. While small loans companies may, under their charter powers, make loans on the security of real estate, actually they have made only a very few of such loans. As the business of these companies has reached considerable proportions, the figures are now separated from those of the loan companies proper. The figures relating to the three companies of this class that have commenced operations are: paid capital of Dominion small loans companies at the end of 1938, \$1,001,750; reserve funds, \$613,361; liabilities to the public, \$3,119,797; liabilities to shareholders, \$2,056,828.

## British and Foreign Capital Invested in Canada

In the opening decades of the century, the marked expansion in Canada was largely based on capital imported from the United Kingdom, at least \$1,500,000,000 being imported during 1900-12. During the War of 1914-18 the latent capital resources of Canada itself were for the first time exploited on a large scale, nearly \$2,000,000,000 being raised by the Dominion Government.

The rapid growth in United States investments in Canada took place after 1914. Between 1926 and 1930 these investments increased from \$3,161,200,000 to \$4,298,400,000. This influx of capital followed two contrasting channels. A large part of the capital was raised through the sale of new issues in New York but the capital coming to Canada through the channel of direct investment has been increasingly heavy. Since 1930 there has been a reduction in the value of United States investments in Canada, as a result of the redemption of Canadian securities owned in the United States, changes in the values of equity investments in Canada, and other factors.

Because of the great variety of forms these investments take and the difficulties inherent in arriving at satisfactory valuations, along with the continual changes in ownership in some cases, these estimates should be considered as approximations rather than exact representations.

### Capital Invested in Canada by Other Countries

Country	1914 <sup>1</sup>	1919 <sup>2</sup>	1926 <sup>2</sup>	1930 <sup>2</sup>	1935 <sup>2</sup>	1936 <sup>2</sup>	1937 <sup>2</sup>
	\$'000,000	\$'000,000	\$'000,000	\$'000,000	\$'000,000	\$'000,000	\$'000,000
United Kingdom.....	2,712	2,607	2,598	2,766	2,729	2,719	2,685
United States.....	904	1,800	3,161	4,298	4,045	3,974	3,932
Other countries.....	178	173	132	132	124	130	148
<b>Totals.....</b>	<b>3,794</b>	<b>4,580</b>	<b>5,891</b>	<b>7,196</b>	<b>6,898</b>	<b>6,823</b>	<b>6,765</b>

<sup>1</sup> Estimated by various authorities.

<sup>2</sup> Estimated by the Dominion Bureau of Statistics.

In spite of this large external indebtedness, Canadian capital controls a very large proportion of the business capital of enterprises operating in Canada.

In considering these statistics of outside capital invested in Canada, it should also be borne in mind that Canada has large investments in other countries. The Bureau estimates that Canadian investments in other countries amounted to \$1,694,000,000 at the end of 1937. Of this \$1,017,000,000 was invested in the United States, \$53,000,000 in the United Kingdom, and \$624,000,000 in countries other than these, not including assets of Canadian insurance companies held abroad. There are also liabilities abroad which must be considered in connection with these assets, but the totals are not materially affected.

## Miscellaneous

**Canadian Bond Financing.**—The declining trend in sales of railway and corporation bond issues, so clearly in evidence for 1933, was reversed in 1934, showed substantial improvement in 1935 and 1936, and receded again in 1937 and 1938.

In the latter year, sales under this head were valued at \$81,792,500. Corporation bond financing accounted for \$62,312,500 of this, so that only \$19,480,000 remained for railway issues. As a result of the business recession, governmental financing greatly exceeded that of private concerns during 1938.

Canadian investors purchased over 92 p.c. of the total offerings, the remainder being sold on the New York and London markets. The latter had not been an important factor in Canadian financing from 1935 to 1938.

### Sales of Canadian Bonds, 1929 and 1932-38

Year	Class of Bonds		Distribution of Sales			Total
	Government and Municipal	Railway and Corporation	Sold in Canada	Sold in the United States	Sold in the United Kingdom	
	\$	\$	\$	\$	\$	\$
1929	218,628,309	442,530,600	378,395,909	263,654,000	19,109,000	661,158,909
1932	450,067,632	23,050,000	377,752,632	81,015,000	14,350,000	473,117,632
1934	564,558,132	73,402,696	529,630,828	50,000,000	58,330,000	637,960,828
1935	907,500,200	109,005,700	853,940,900	162,065,000	500,000	1,016,505,900
1936	946,091,087	352,983,224	1,211,824,311	86,000,000	1,250,000	1,299,074,311
1937	1,145,499,475	119,946,800	1,177,196,275	88,250,000	Nil	1,265,446,275
1938	1,048,527,052	81,792,500	1,041,477,886	40,175,000	48,666,666	1,130,319,552

**Interest Rates.**—There does not exist in Canada as yet a market for money in the same sense as in great financial centres such as London and New York. However, since the War of 1914-18, the importance of Dominion financing in the domestic market has made it possible to compile a Dominion index of bond yields which is representative of interest rates in Canada. Fluctuations in the Dominion of Canada long-term bond yields for the past ten years are shown below.

### Indexes of Dominion of Canada Long-Term Bond Yields, 1930-39

(1926=100)

Month	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939
January	102.1	93.9	112.7	96.3	93.2	70.9	72.4	64.6	66.3	62.1
February	101.4	93.6	112.2	96.0	91.0	73.2	70.8	68.4	65.4	61.9
March	101.1	91.9	109.1	97.7	86.1	71.4	69.9	72.7	64.7	61.1
April	99.3	90.0	109.8	96.6	83.8	72.2	69.5	73.2	63.7	63.0
May	98.4	89.3	109.3	95.0	81.8	71.4	68.8	71.0	61.7	62.4
June	98.2	88.3	111.7	93.3	82.1	73.4	66.9	69.3	61.8	60.1
July	98.0	88.3	107.5	93.5	80.1	72.1	65.1	69.0	62.7	60.1
August	95.9	88.3	00.5	92.2	77.8	71.6	63.2	68.1	62.7	62.9
September	93.9	95.5	98.7	92.4	77.2	79.8	63.1	68.3	65.3	76.5
October	93.6	105.2	96.2	93.5	79.3	78.9	66.2	69.7	63.2	71.0
November	93.6	107.7	98.5	94.3	77.2	74.5	65.1	68.8	61.5	-
December	93.9	111.7	99.4	95.1	71.3	75.5	64.1	67.4	61.8	-



## CHAPTER XIX

### EDUCATION—THE NATIONAL RESEARCH COUNCIL

#### Education

To write of education in Canada is to write of nine separate provincial educational systems, but, with the exception of Quebec's, all have much of their structure and organization in common. They derive in the main from a common root, and of recent years have had increasing opportunity to exchange experience and keep in touch with one another's progress. Only three Dominion-wide educational associations antedate the end of the Great War in 1918, but, in the years since, more than a dozen have come



A Grade 8 Class in a Halifax School, Organized as a Branch of the Canadian Junior Red Cross, Conducting a Business Meeting.—More than 13,000 classrooms in Canada had branches in 1938 with a membership of 400,000 children. In Prince Edward Island, 94 p.c. of the classrooms were included. Peace-time activities include health teaching and practice, social service, assistance to handicapped children, and the promotion of international friendliness through exchange of letters and portfolios.

*Courtesy, National Director, Junior Red Cross*

into existence, each contributing something to better mutual acquaintance and progress. A further medium was established during 1939 in the Canadian Council for Educational Research, sponsored by the Canada and Newfoundland Education Association, and the Canadian Teachers' Federation, with financial assistance from the Carnegie Corporation of New York. Numerous national bodies that are not educational associations in the narrower sense—e.g., the Federated Women's Institutes, the National Council of Women, the I.O.D.E.—make the schools a subject of major

interest in their national conferences, while still others, of which the Junior Red Cross is an outstanding example, carry out uniform programs in the schools of all provinces.

Some of the older problems of Canadian schools persist with little change, e.g., the problem of the small administrative and financial unit, about which little has been done on a general scale except in Alberta. But in other matters, such as curriculum change, there has been extraordinary progress in the past few years. The revolutionary change in the new programs of study is the attempt to make them 'child-centred' instead of 'subject-centred', to use phraseology that has come into general use. There has been a complete break with the traditional procedure that assumed that the business of education was purely the imparting of knowledge; the new curricula proceed on the assumption that the basic job of the schools is to provide a stimulating environment in which the natural abilities of children may be allowed and encouraged to develop in the most desirable way. All but two or three of the provinces have recast their programs to conform with the new emphasis within the latest few years, or are doing so at the present time. The change in essence represents the adoption of the democratic philosophy into the educational system, emphasizing as it does the supreme worth of freedom and diversity in the development of individual lives. It makes the task of the teacher more complicated and difficult, as does the democratic way for leaders in all walks of life, but at the same time makes it more interesting and challenging; it invites the teacher to demonstrate that he is a member of a real profession, not just the holder of a job.

The teachers in the main seem to have accepted the challenge in an unmistakable way. Attendance at summer schools, where courses are given in the newer teaching methods, has doubled or trebled in some provinces in the space of two or three years, in spite of the slow recovery of the salary level from the losses of the earlier 1930's. Salaries, in rural areas particularly, remain unsatisfactory; only in two provinces is the country teacher paid more than half as much as the city teacher, a situation that allows little hope for the establishment of a permanent rural branch of the profession. The contrast is, of course, the result of the system of school finance whereby each district or section (with some exceptions) is responsible for more than four-fifths of the cost of its schools. Ability to support schools varies greatly from district to district and from year to year, especially in agricultural areas.

A further factor tending to emphasize the inequality as between rural and urban areas is the larger families of children in the countryside, many members of which are raised, at rural expense, for productive lives in the cities. It can be shown that if the cities were to pay the entire cost of the rural schools, they would not, in effect, be paying more than the equivalent of what it has cost to bring up the children who come to them in their adult years. The present system of school support comes far short of providing the equal educational opportunity at which a democratic society is bound to aim but, with appropriate revision of the curriculum accomplished, educationists are in the main concentrating their efforts in the direction of financial reform; the Report of the Royal Commission on Dominion-Provincial Relations may be expected to have

recommendations concerning the inter-relationships of the various governing bodies in the field of public finance. The problem of school support has to be considered in this broader setting.



Children at Work in one of the Saturday Morning Classes at the Art Gallery of Toronto.—In the ten years they have been conducted, these classes have attracted the attention of educationists in many countries for their remarkable success in stimulating artistic expression. Children are recommended for them by their week-day teachers. In addition, four classes of children from the city schools visit the Gallery every school day, and all children are thus assured of several periods on the premises during the upper years of their elementary schooling. Many other types of educational work are sponsored, including morning nursery groups in which the children are from three to five years of age.

*Courtesy, Art Gallery of Toronto*

As part of the attempt to provide equal opportunity for all, it is of interest to note some of the auxiliary educational services. A special service offered by the departments of education in six of the nine provinces is correspondence instruction for children living in areas remote from a school. In Saskatchewan over 6,000 such children taking high-school studies are helped by correspondence lessons from the Department of Education of that province. Ontario conducts a unique type of school, in its school railway cars, for children in northern areas. The correspondence courses are in some cases followed by physically-handicapped children who are unable to attend school. The larger cities in most of the provinces conduct special classes, in the ordinary schools, for mentally-retarded children, and in some cases for children with defective hearing, sight, and other physical handicaps. This side of the educational system is particularly well-developed in Ontario, where it has been extended into rural communities. Children who are blind or deaf are educated in special residential schools at provincial expense. Institutions for feeble-minded and for delinquent children are also provincially-conducted.

It is more difficult to point to special services on behalf of exceptionally-gifted children, but as the task of leadership becomes increasingly



difficult there are signs of a greater interest in this direction. A campaign for more generous scholarship provision has been in progress on a national scale for several years, and has received support from a wide variety of sources. A resolution favouring national scholarships received sympathetic discussion in the House of Commons in 1937, and the Dominion-Provincial Youth Training Plan in 1939 made provision for student aid beyond the matriculation level. As yet, however, the scholarship situation in Canada does not compare at all favourably with that in Great Britain or the United States, as is shown at some length in the publication "Higher Education in Canada 1936-38", issued by the Dominion Bureau of Statistics in 1939. This is no doubt partly because Canadian universities do not possess great wealth in the form of endowments. All Canadian institutions of higher learning together have a smaller endowment than any one of several universities in the United States, and the private wealth of Canada has created no great foundations that can be drawn upon for scholarship purposes. A satisfactory position will not likely be reached without generous public support; several provincial governments as well as the Dominion have accepted a measure of responsibility that seems likely to increase year by year.

Comparatively little public attention has yet been given to pre-school education. In no province have nursery schools become a part of the public-school system except in Ontario and Quebec where kindergartens are so administered. Some experimental nursery schools have been established by private means and in connection with the universities. The best-known of these is the St. George's School for Child Study conducted in conjunction with the Department of Psychology at the University of Toronto.

Attendance continues to increase at the schools maintained by the Dominion Government for the native Indian population. Practically half of the 18,000 children are now in boarding schools. This proportion tends to increase, in contrast with the situation in the United States where an effort has been made for ten years or more to enroll more of the Indian children in community day schools on the reserves; these can be used as education centres for the adults as well as the children.

Progress of the adult educational movement in general is difficult to gauge with accuracy, but the Director of the Canadian Association for Adult Education in his annual report for 1938 estimated that there had been a two-year increase of 50 p.c. in enrolment of adults in the more formal type of class, much the greater part of the activity being in rural areas. The education-for-economic-action plan of St. Francis Xavier University has spread widely in the Maritime Provinces and Newfoundland and continues to attract international interest. Extension departments in other universities have been strengthened or established, the work at the University of Alberta still being most outstanding for its variety. The activity of the Workers' Educational Association, with the co-operation of the universities, has spread into all but one or two of the provinces, whereas a few years ago it was confined to Ontario. The Canadian Handicrafts Guild has been the focus of a rapidly-expanding interest in home crafts. The program of physical and recreational education introduced in British Columbia a few years ago has been introduced in the Prairie Provinces during 1938-39 and may yet become a national movement.

The Rudiments of Business are Taught by the Practical Operation of a Model Grocery Store.



A School Bank in Operation.



*Below:* An Electrical Map of World Products.—The pupils are soldering wires to complete the illumination. The map is worked by a switch which lights up areas that produce identical products, combining geography and work-shop practice.

*Courtesy, Inspector C. E. Stothers,  
Department of Education,  
Toronto*



In 1939 the Bureau of Statistics published its biannual review of that indispensable aid to adult education, the public library. It shows substantial progress toward the adoption and permanent establishment of modern library service in Prince Edward Island, Nova Scotia, Ontario, and British Columbia. Over half of the Dominion's population, however, mainly rural, remains without public library service—a situation that can hardly be left with safety to perpetuate itself when “the success of our democratic form of government depends on our citizens being intelligent and well-informed”, to quote a bulletin of the American Library Association. The public libraries too are more and more called upon to collaborate with the schools in providing the much greater range of reading material that is demanded by the new programs of study. More than a quarter of public library patrons are boys and girls.

### Summary Statistics of Education in Canada, 1938

NOTE.—Figures in even hundreds are approximate only.

Type of School or Course	Institutions	Pupils	Teachers	Expenditure
	No.	No.	No.	\$
<b>Provincially Controlled Schools—</b>				
Ordinary and technical day schools.....	32,300	2,178,285	76,536	} 125,000,000
Evening schools.....	351	89,272	2,409	
Correspondence courses.....	6	20,459	300	
Special schools.....	19	5,236	500	
Normal schools.....	54	6,504	640	
<b>Privately Controlled Schools—</b>				
Ordinary day schools.....	1,303	94,617	5,784	} 5,500,000
Business training schools.....	186	23,943	686	
<b> Dominion Indian Schools.....</b>	<b>367</b>	<b>18,743</b>	<b>600</b>	<b>1,830,071</b>
<b>Universities and Colleges—</b>				
Preparatory courses.....	60 <sup>1</sup>	20,847	1,121	} 19,000,000
Courses of university standard.....	155	46,815	5,360	
Other courses at university.....	10 <sup>1</sup>	45,831		
<b>Totals.....</b>	<b>34,800</b>	<b>2,550,555</b>	<b>93,500</b>	<b>151,500,000</b>

<sup>1</sup>Includes only affiliated schools that are not enumerated in “Courses of university standard”

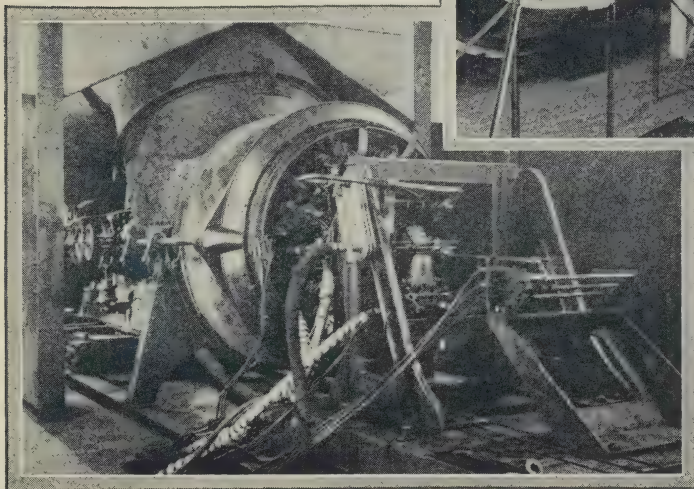
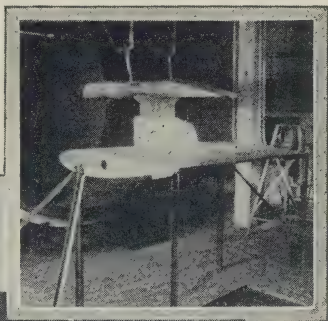
### The National Research Council

The National Research Council was organized in 1916 to advise the Committee of the Privy Council on Scientific and Industrial Research regarding matters of science and technology, and to take charge of any scientific or technological work assigned to it by the Committee. In exercising these functions the Council has carried on research in its own laboratories at Ottawa and has co-operated with other bodies interested in research in Canada. This co-operation, largely developed through the system of Associate Committees organized by the Council, has provided a means of avoiding duplication of effort, and has made for greater efficiency by providing for the study of specific problems by such institutions as, by possession of special equipment or suitably-trained personnel, are best equipped for such study. Consultations among the co-operators in committee also bring to bear on many problems the combined experience of many scientists. Grants in aid of research are given by the Council to assist investigators of repute whose work would otherwise be hindered by lack of equipment or assistance. These grants have resulted in the comple-



tion of much research that would not have been possible without aid and have stimulated the development of new research centres, particularly in the smaller universities. The Council's scholarships, aimed to enable outstanding students to acquire training in the methods of research, have also assisted the development of research throughout the country.

Testing a Half-Scale Model Aircraft Ski in the Wind Tunnel.—The model is tested in the inverted position and, in this case, with under-carriage and wing.



Testing an Aircraft Engine in the Engine Laboratory.—The engine is air-cooled by a down draught from the large metal tube; it undergoes a fifty-hour test for compliance with requirements for the issue of Airworthiness Certificate.

*Courtesy, National Research Council*

The staff of the Council's laboratories is organized in the Divisions of Biology and Agriculture, Chemistry, Mechanical Engineering, and Physics and Electrical Engineering, in which the actual researches are done. In addition to the usual administrative services necessary to such organizations, there are two special Sections. The Section on Codes and Specifications deals with such matters as purchasing standards, building codes, and co-ordination of specifications. The Research Plans and Publications Section serves in a liaison capacity in connection with plans affecting several divisions, has control of the library and all publications, and provides a research information service and technical secretarial services as required.

All Divisions are responsible for the direction and conduct of the technical work in the fields indicated by their designations. Co-operation and collaboration with all other government organizations, and with outside bodies doing similar work; the collection, correlation, and issue of scientific information; the planning of laboratory research; co-operative investigation through committees; and the general correlation of work of Canadian research organizations are primary objects of the Council.

During 1939 a major series of investigations was concerned with production, storage, and transport of food, particularly animal products. In co-operation with the meat-packing industry and the Dominion Department of Agriculture, the Division of Biology and Agriculture made a survey of processes and practices, with the object of improving the quality and uniformity of such products. Many aspects of the investigations are concerned with chemistry, bacteriology, and engineering, in addition to economics, and the co-operation of the Dominion Department of Agriculture and the Fisheries Research Board, through representation on the Associate Committee on Transport of Food, has brought about wide discussion and the general pooling of results.

In the field of cereal improvement similar co-operation has existed for many years; plant breeders, plant pathologists and cereal chemists participate through the medium of the Associate Committees on Field Crop Diseases and on Grain Research. Work on milling and baking quality of wheat and malting quality of barley, done in the Council's laboratories, has been part of a large program of co-operative research. Similar teamwork has been developed more recently in forestry, the laboratories doing work on the development of new fast-growing hybrids, the use of plant hormones in the rooting of cuttings, and the testing of equipment for forest-fire control, as part of a joint program. In addition to these examples of collaboration, about thirty other units function in a similar way. Detailed reports on the work of the laboratory divisions and of other activities are published each year in the report of the Council.

The work of the Division of Mechanical Engineering has expanded rapidly during the past few years, particularly in the field of aeronautics. As a result, the remodelled buildings in Ottawa in which some of the laboratories have been housed are no longer adequate to meet the demands made upon them. Accordingly, new laboratories are being erected.

Expanded facilities will be available. The new wind tunnel will have about twice the capacity of the one now being used. For the first time a spinning tunnel for testing aircraft will be available in Canada. A testing basin 25 feet wide and 600 feet long will permit the testing of large models of hulls of vessels, and aircraft floats and hulls. A new hydraulic laboratory will allow for the study of problems met in power developments, canals, river improvements, etc. Work of this nature previously had to be referred to European laboratories.

In the new laboratories there will also be improved equipment for the Division of Physics and Electrical Engineering, including facilities for work in connection with the transmission of power at high voltages, and a reverberation chamber and other equipment for the study of acoustics. With these new and improved facilities the Council will be able to give a wider range of services to the Government and Canadian industry.

An interesting item of the year's work was a conference of heads of industrial-research organizations held under the auspices of the Council to consider the better correlation of the research work being carried on in various centres throughout Canada. A first step in this direction was the compilation of a list of laboratories in the Dominion which was undertaken late in the year by the Bureau of Statistics at the request of the National Research Council. This list has become of special value as a guide to the location of testing facilities required in war work.

## ITINERARY OF THE ROYAL TOUR OF CANADA.

**Quebec.**—*Wednesday, May 17*—Their Majesties arrived at Quebec on the R.M.S. *Empress of Australia*, accompanied by a naval escort consisting of H.M.S. *Southampton*, H.M.S. *Glasgow*, H.M.C.S. *Skeena*, and H.M.C.S. *Saguenay*, and an air escort provided by the Royal Canadian Air Force. On landing, they were welcomed to Canada by the Prime Minister of Canada, who also acted as Minister in Attendance throughout the tour. The Dominion Cabinet also met Their Majesties, as did His Honour the Lieutenant-Governor of Quebec, the Premier of Quebec, His Worship the Mayor of Quebec, and a host of other Dominion, Provincial, and Municipal Officials.

Their Majesties spent the whole day in Quebec, the principal events being: the welcomes of the Provincial and Civic Governments, the luncheon given by the Dominion Government to which all members of His Majesty's Privy Council for Canada were invited, the demonstration by school children in the historic Battlefields Park, and the banquet given by the Provincial Government. His Majesty greeted his Canadian subjects in a speech delivered at the Dominion Government luncheon and broadcasted across the Dominion by the Canadian Broadcasting Corporation. Their Majesties stayed overnight at the Citadel.

**Montreal.**—*Thursday, May 18*—The Royal Party arrived at Montreal, after a short stop at Three Rivers. Their Majesties spent the afternoon driving around the city, when they viewed the recently-restored historic fortifications on St. Helen's Island, were received at the City Hall, and had tea at the Chalet on Mount Royal. In the evening they attended a dinner given by the City of Montreal at the Windsor Hotel.

**Ottawa.**—*Friday, May 19*—His Majesty's first official act at the Capital was to receive in audience the newly-appointed United States Minister to Canada, who presented his credentials. Following this, His Majesty received the Heads of Missions and the Accredited Representatives of the countries of the British Commonwealth. In the afternoon, Their Majesties proceeded to the Houses of Parliament, where His Majesty gave the Royal Assent to certain legislation passed in the current session and addressed the members of both Houses. In the evening a State Dinner was held at Government House. *Saturday, May 20*—Following the Trooping of the Colour in celebration of His Majesty's birthday, Her Majesty officiated at the laying of the corner-stone of the new Supreme Court Building, her speech being broadcast. Afterwards Their Majesties drove through the City of Hull. A garden party at Government House and a Parliamentary Dinner occupied the rest of the day. *Sunday, May 21*—The unveiling of the National War Memorial took place in the morning and His Majesty's speech was broadcast. Their Majesties left for Toronto, travelling via Coteau Junction, Cornwall, Brockville, Kingston, and Cobourg.

**Toronto.**—*Monday, May 22*—The welcome by the Civic and Provincial Governments, the presentation of Colours by Her Majesty to the Toronto Scottish Regiment (M.G.), and the attendance by Their Majesties at the running of the King's Cup at Woodbine Park were the most notable events in the Ontario Capital.

**Winnipeg.**—*Wednesday, May 24*—Travelling via Carley, MacTier, White River, Schreiber, Port Arthur and Fort William, Raith, Ignace, Busted (night), and Rennie, Their Majesties arrived in the Manitoba capital on the morning of the 24th. Following the civic reception at the City Hall and the Provincial Government reception at the Legislative Buildings, Their Majesties drove to Government House, where His Majesty broadcasted his first Empire Day speech. After the Lieutenant-Governor's luncheon, Their Majesties drove to Fort Garry Park, where the traditional tribute was received from the Governor of the Hudson's Bay Company. In the evening the Royal Train left for Portage La Prairie, Brandon, and Kemnay (night).

**Regina.**—*Thursday, May 25*—Arriving via Elkhorn and Broadview, Their Majesties received Civic and Provincial Government welcomes, had tea at the Royal Canadian Mounted Police barracks and dined at Government House. They left for Alberta via Moose Jaw and Waldeck (night).

**Calgary.**—*Friday, May 26*—Their Majesties arrived at Calgary, having travelled via Medicine Hat, Suffield, and Bassano. They were greeted by 2,000 Indians of the Blackfoot, Blood, Peigan, Stone, and Sarcce tribes. In the evening Their Majesties left for Banff, where they spent the time in relaxation and sight-seeing until Sunday morning.

**Vancouver.**—*Monday, May 29*—Having spent the previous day travelling through the Rockies, via Field, Beavermouth, Stoney Creek, Glacier, Revelstoke, Sicamous,



Monte Creek, Kamloops, and Keefers (night), the Royal Train arrived at Vancouver in the morning. Following the reception at the City Hall, where His Majesty performed the Ceremony of the Mace and attended a civic luncheon, Their Majesties were taken for a long drive through Vancouver and its environs. In the evening they left for Victoria escorted by H.M.C. ships *Fraser*, *Ottawa*, *Restigouche*, and *St. Laurent*, and by aeroplanes of the R.C.A.F., and stayed at Government House.

**Victoria.**—*Tuesday, May 30*—After receiving Civic and Provincial Government welcomes, Their Majesties attended a luncheon given by the Government of British Columbia; His Majesty addressed the gathering, his speech being broadcast by the Canadian Broadcasting Corporation. In the afternoon, the King presented a Colour to the Royal Canadian Navy, this being the first naval ceremony of this nature to be held outside the United Kingdom. The following day Their Majesties left Victoria and travelled via Vancouver, New Westminster, Mount Lehman, Chilliwack, Hope, Boston Bar, Mount Robson, and Red Pass Junction to Jasper, arriving on *Thursday, June 1*. Here Their Majesties enjoyed the beauties of Jasper National Park for half a day.

**Edmonton.**—*Friday, June 2*—Travelling via Edson, Their Majesties arrived in the capital of Alberta, and received official welcomes from the Provincial Government and the City of Edmonton. They were also greeted by 1,200 Cree Indians, who sang the National Anthem in their native tongue. A dinner was tendered by the Provincial Government, after which Their Majesties left for Clover Bar (night).

**Prairie Provinces and Ontario Points.**—*Saturday, June 3, to Wednesday, June 7*—The Royal Itinerary did not include any more official visits to provincial capitals until the Maritime Provinces were reached. The next five days were largely occupied in travelling, short stops being made at many points, at some of which drives were undertaken; at others, receptions were held at the station. The points covered are listed, as showing the course of the Royal route, and are presented in the order in which the localities were visited. *Saturday, June 3*—Wainwright, Artland, Biggar, Saskatoon, Watrous, Touchwood, and Melville. *Sunday, June 4*—Rivers, East Tower, Winnipeg, Decima, Redditt, Niddrie, Sioux Lookout, Savant Lake. *Monday, June 5*—Hornepayne, Fire River, Foleyet, Gogama, Laforest, Capreol, Sudbury Junction, Sudbury, and South Parry (night). *Tuesday, June 6*—Zephyr, Toronto, Guelph, Kitchener, Stratford, St. Mary's Junction, Glencoe, Chatham, and Windsor. *Wednesday, June 7*—London, Ingersoll, Woodstock, Brantford (here Their Majesties autographed the historic Bible presented to Her Chapel of the Mohawks by Her Majesty Queen Anne), and Hamilton, where a demonstration of physical training was given by school children. Visits to St. Catharines and Niagara Falls completed the first portion of Their Majesties' Canadian visit.

**Official Visit to the United States.**—Their Majesties entered the United States at Niagara Falls on the evening of *June 7*. They remained in the United States until the evening of June 11, when they took train for the Eastern Townships and the Maritime Provinces.

**Quebec Province.**—*Monday, June 12*—Entering Canada from Rouse's Point, N.Y., Their Majesties visited Sherbrooke, Leeds Tank, Joffre, Levis, St. Charles, L'Islet, Ste. Hélène, Rivière du Loup, and Trois Pistoles.

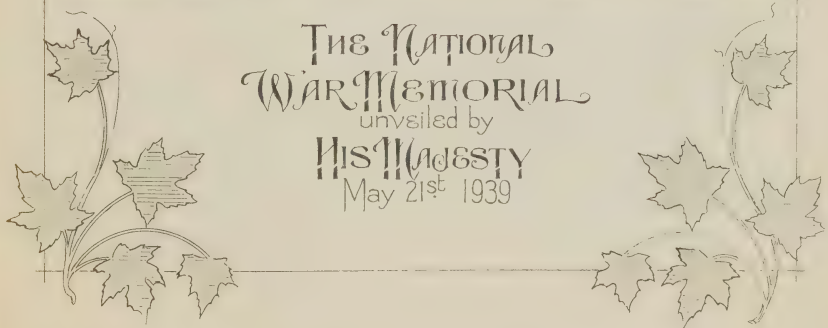
**Fredericton.**—*Tuesday, June 13*—On arrival at Newcastle, Their Majesties motored to Fredericton and received addresses from the Provincial Government and the municipality. A luncheon was given by the Lieutenant-Governor and the Government of New Brunswick at the University of New Brunswick, after which Their Majesties entrained for Fairville, a suburb of Saint John. From Saint John, the Royal Train left for Moncton and Cape Tormentine.

**Charlottetown.**—*Wednesday, June 14*—Arriving on board H.M.C. Ships *Skeena* and *Saguenay*, the Royal Party visited the Province Building, where addresses were received from the Provincial Government and the City of Charlottetown. A luncheon by the Lieutenant-Governor and a reception in Government House gardens completed the functions in Prince Edward Island.

**Halifax.**—*Thursday, June 15*—The Royal Party landed at Pictou the previous evening, and after visiting New Glasgow and Truro, Their Majesties reached Halifax and received the welcomes of the Province and the municipality. His Majesty unveiled a portrait of His late Majesty King George V and attended a luncheon given by the Government of Nova Scotia at the Nova Scotia Hotel, when His Majesty broadcasted his farewell address to the people of Canada. Her Majesty the Queen also spoke. In the evening Their Majesties, accompanied by a Naval and Air Force escort, left for Newfoundland aboard the R.M.S. *Empress of Britain*.



THE NATIONAL  
WAR MEMORIAL  
unveiled by  
HIS MAJESTY  
May 21<sup>st</sup> 1939





The Main Bronze Group, a side view of which is shown at the top and an oblique front view below, represents the "Great Response" of the men and women of Canada. All major arms of the Services are represented. In the circle is shown the emblematic group, symbolic of Victory, Peace, and Liberty, that surmounts the pedestal.



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# CANADA 1941

The **O**fficial **H**andbook  
of Present Conditions and  
Recent Progress









THE CITADEL  
QUEBEC

Canada has entered the second  
year of the war with her decks  
cleared for action and with a  
firm determination to see that  
her sons overseas lack nothing  
that human ingenuity can provide  
in equipment and supplies and  
reinforcements. Our course is now  
set and I feel confident that, if  
we are prepared for any sacrifice, we  
shall emerge from the storm with our  
flag still flying.

Atkinson.

# Canada 1941



## The Official Handbook of Present Conditions and Recent Progress

PUBLISHED BY AUTHORITY OF  
THE HON. JAMES A. MacKINNON, M.P.  
MINISTER OF TRADE AND COMMERCE



DOMINION BUREAU OF STATISTICS  
DEPARTMENT OF TRADE AND COMMERCE  
OTTAWA, CANADA

Price 25 cents





HIS EXCELLENCY, THE RIGHT HONOURABLE THE EARL OF ATHLONE,  
K.O., ETC., ETC., ETC.; GOVERNOR GENERAL AND COMMANDER IN  
CHIEF OF THE DOMINION OF CANADA.



HER ROYAL HIGHNESS, PRINCESS ALICE, COUNTESS OF ATHLONE,  
G.B.E., V.A.



PRINTED BY  
EDMOND CLOUTIER, KING'S PRINTER  
OTTAWA, CANADA



## Foreword

THE growth in popularity of this handbook since the series was placed on an annual basis in 1930; its extensive use by official and semi-official bodies in regular and special editions; its distribution in large numbers at international exhibitions and in different parts of the world where Canada is officially represented; and its use, by special permission, in financial and commercial houses for distribution to their clients; all attest to the need that exists for a brief and attractive economic handbook of the Dominion.

The current reports of the Dominion Bureau of Statistics deal in great detail with the subjects of population, production, external and internal trade, transportation, education, etc., but they are intended mainly for those who are specially interested in particular phases of our national life. The *Canada Year Book*, which summarizes these and other official publications, is of too detailed a character for wide distribution. The present publication is the result of an effort to survey the current Canadian situation—comprehensively but at the same time succinctly—in a popular and attractive form, and at a cost that makes possible its use on a general scale.

The handbook is designed to serve two purposes. To those outside of Canada, it will give a balanced picture of the Canadian situation from the Atlantic to the Pacific and of our diversified resources and their systematic development. In Canada, itself, it will help to provide a basis of information for dealing with current problems.

*Jas. A. MacKinnon*

*Minister of Trade and Commerce.*

OTTAWA, January 1, 1941.

## PREFATORY NOTE

*This handbook has been prepared and edited in the Year Book Division of the Dominion Bureau of Statistics from material which has, in the main, been obtained from the different Branches of the Bureau. In certain special fields information has been kindly contributed by other branches of the Government Service.*

*The handbook is planned to cover the general economic situation in Canada, the weight of emphasis being placed from year to year on those aspects that are currently of most importance, since there is not space to deal adequately with all. The Introduction is a short review of developments at the close of 1940, with special reference to Canada's War program. The Special Articles following this Introduction deal, respectively, with the British Commonwealth Air Training Plan, and the Royal Canadian Mounted Police with special emphasis on the part the Force has played in the history and development of the Canadian West. The former of these articles is based on material supplied by the Department of National Defence: the latter has been specially prepared for the handbook under the direction of the Commissioner of the Royal Canadian Mounted Police by J. P. Turner of the Historical Research Section of the R.C.M.P.*

R. H. COATS,  
*Dominion Statistician.*

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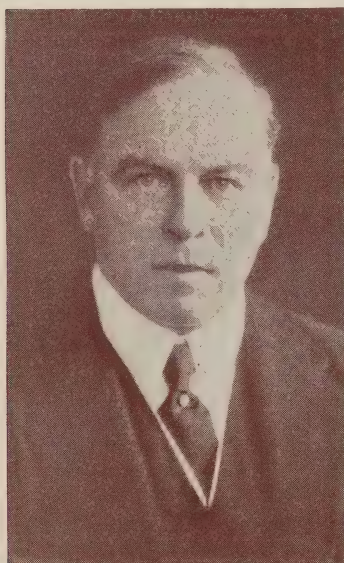
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## Canada's War Program and Economic Conditions at the Close of 1940



The Rt. Hon. W. L. Mackenzie King,  
P.C., M.P., Prime Minister  
of Canada.

When the first session of the Parliament elected on Mar. 26 opened in May, one free country after another, in quick succession, had already become the victim of Nazi aggression. Before Parliament was adjourned on Aug. 7, Italy had joined her Axis partner as an open enemy, French resistance had collapsed, and the Government of France had surrendered. Britain herself was threatened with invasion. The theatre of conflict had begun to spread into other lands beyond the confines of Europe. Japan and China were still at war. Among the nations of the world, the United Kingdom and the British Dominions, alone, stood in arms in the defence of the world's freedom.

Parliament met again on Nov. 5 for the prorogation of the first session. The second session opened on Nov. 7. The purpose of beginning the session before the new

year was to enable the Government to present to Parliament an account of the development of the War, and of Canada's War effort in the period since the adjournment of the first session in midsummer.

On Nov. 12, the Prime Minister outlined to the House of Commons the developments on the international scene and summarized the War effort. He introduced his summary with the following words:

I believe the British forces are going to triumph. I believe democracy will win. I feel certain that right will triumph, but I believe it is going to be a longer road, a harder road and a more terrible road than any of us even at this time begin to believe. That is what I wish to speak about to-night to this House of Commons. We have been brought here primarily to discuss the War, and particularly to discuss Canada's War effort. We are here to get

a picture of the situation as it is to-day. As the people's representatives we must face the situation in its stark reality. We are here to do the best we possibly can to meet the situation, to the utmost of the nation's strength.

When Parliament re-assembled in November, the battle for the mastery of the air over Britain was still going on, and long, grim months of siege with constant threat of death from the skies still lay ahead. After months of waiting, the German army of invasion remained impotent to cross the narrow seas and, in spite of all her suffering and losses, Britain was stronger than she had been in midsummer.

The enemy's hope of a quick victory had been shattered on the rock of British resistance; the attention of the enemy was turning in considerable measure to other regions; from October, the great aim of the enemy had been to break the stronghold of the British blockade and, at the same time, to blockade Britain through the use of the submarine.

The Prime Minister interpreted the significance of these international developments in the following words:

The events of the past few months make it clearer than ever that the immediate aim of Germany is a new world order, based upon spheres of influence to be controlled by Nazi Germany and her Axis partners. Hitler plans, by holding out specious hopes of collaboration, to secure the participation of the subject peoples in the elaboration of his grand design. . . .

. . . It becomes more apparent, with each new development, that we are engaged in a titanic and terrible death struggle between two conflicting philosophies of life. On the one side is tyranny; on the other, democracy. On the one side, brutality and slavery; on the other, humanity and freedom. On the one side, the law of force; on the other, the force of law.

What Hitler has failed to accomplish by fear or force—the destruction of Britain—he has now set about attempting to effect by intrigue and guile. A new world order, based upon spheres of influence to be controlled by Nazi Germany and her Axis partners, is now the immediate aim. This is the subtle method by which, as the ultimate end of aggression, Germany hopes to attain world domination. Through the alliance between Japan and the Axis in Europe the new order in Asia has been linked to the new order in Europe. The pattern is now plain. The world, as I have said, is to be divided into spheres of influence. Germany and her greater vassals are to dominate a world of lesser vassals. The new order in Asia and the islands of the Pacific is domination by Japan. The new order in Europe is domination by Germany. The new order in the Mediterranean and in Africa is joint domination by Germany and Italy. The areas to be dominated by the Soviets would appear, at the moment, to be a subject for further negotiation. By promises of collaboration, Hitler and Mussolini are seeking to beguile France and Spain.

At the close of his report on the progress of Canada's War effort, in the same speech, the Prime Minister defined the policy of the Government in the following terms:

The only limits the Government is prepared to place upon Canada's War effort are those imposed by the extent of our resources, both human and material, and by our capacity for sacrifice. We will make financially possible the utmost effort the people of Canada are physically and morally capable of making.





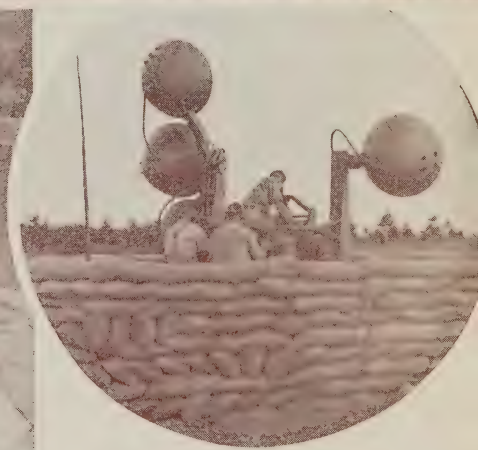
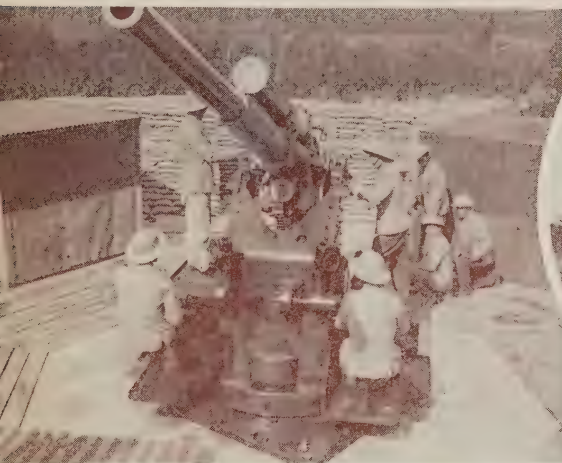
Shilo Training Camp, Manitoba.

A Lewis Gun Crew Training with Gas Masks.



Left Centre.—One of the Most Modern of the Empire's Anti-Aircraft Guns Defending the East Coast.

Right Centre.—Anti-Aircraft Listening Post.



An Anti-Aircraft Predictor.—This instrument co-ordinates data on target locations.

Courtesy, Director of Public Information and Montreal Standard.

Naval Ratings in Training in the R.C.N. Training School, Halifax, N.S.—The officers' class is in the rear.



Naval Wireless Class at the Training Barracks. →



Naval Recruits Undergoing Gunnery Instruction. ←



Canadian Seamen Undergoing Anti-Gas Instruction in the Torpedo School.

*Courtesy, Director of Public Information and Montreal Standard.*





*Top.*—Sighting Torpedo Tubes on a Canadian Destroyer.

*Left Centre.*—In the Engine Room.

*Right Centre.*—Lookout on the Bridge.

*Bottom.*—A Convoy Moves Out under the Eyes of the Canadian Navy.







United States Sailors Explaining to Royal Navy Ratings the Depth Charge Mechanism on One of the Fifty Destroyers Recently Transferred to the Royal Navy. Six of These Were Later Transferred to the Royal Canadian Navy.

A Group of the Transferred Destroyers Now Proudly Flapping the Union Jack at their Moorings at an East Coast Port.

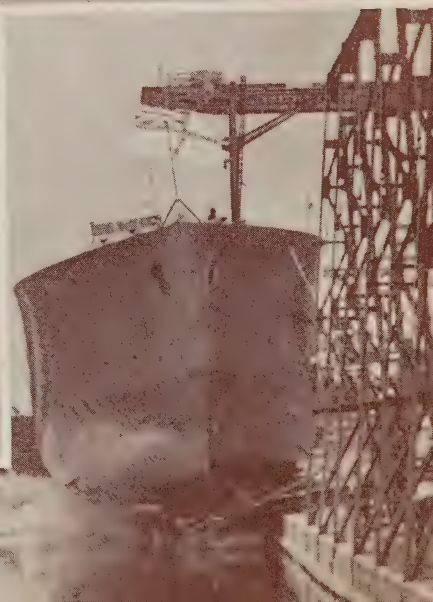


The Hull of a Corvette just before it was Launched from a Canadian Shipyard.



The Launching Operation.—Canada is producing an increasing number of this type of naval vessel.

*Courtesy, Director of Public Information.*



In order to meet the widening responsibilities of the growing War effort, the structure of the administration was progressively altered and enlarged throughout the year. The Department of Munitions and Supply was established on April 9, and its scope has been steadily extended, and its organization strengthened to meet growing needs. The Department of National Defence has been reorganized, and separate ministries created for Air and Naval Services. The Department of National War Services has been established. The Government was empowered by the National Resources Mobilization Act to bring to the defence of Canada, and the advancement of the common cause, all our resources, both human and material.

The extent to which Canada's War effort has been furthered by the co-operation of the United States has been recognized by tributes in Parliament. The growing admiration, in the United States, for the British capacity and determination to resist, has found expression in a steadily increasing supply of aeroplanes, guns and munitions, and other essentials of war from the factories of the United States to the battlefield of Britain and the training fields of Canada. In the words of the Prime Minister:

The overwhelming majority of the people of the United States came to see in Britain an outwork of their own defence. They saw the need of giving all possible assistance to Britain. But they saw, too, the need for strengthening their second line of defence. If the coasts of America were to be immune from attack, naval and air bases were needed on the islands of the Atlantic. Joint action between the United States and Canada was recognized also as necessary to their common security. From the point of view of Canada and the whole British Commonwealth, what followed constitutes the most significant development in international affairs in the three months since our Parliament adjourned in August. In ultimate importance, it far surpasses the formation of the triple Axis.

The first stage of this development came on Aug. 17, and has come to be known as the Ogdensburg Agreement. Its terms were:

The Prime Minister and the President have discussed the mutual problems of defence in relation to the safety of Canada and the United States.

It has been agreed that a permanent joint board on defence shall be set up at once by the two countries.

This Permanent Joint Board on Defence shall commence immediate studies relating to sea, land and air problems including personnel and material.

It will consider in the broad sense the defence of the north half of the Western Hemisphere.

The Permanent Joint Board on Defence will consist of four or five members from each country, most of them from the services. It will meet shortly.

The Ogdensburg Agreement was announced on Aug. 18, and the Permanent Joint Board on Defence was appointed on Aug. 22. Meanwhile on Aug. 20, the Prime Minister of the United Kingdom announced that the British Government had decided to offer the United States sites for naval and air bases in the British possessions in the Western Hemisphere. Mr. Churchill's announcement was followed on Sept. 3 by an announcement from Washington that an agreement had been reached

between the Governments of the United Kingdom and the United States by which sites for bases in British Atlantic possessions were to be made available to the United States. In Newfoundland and Bermuda, these sites were leased for no other consideration than Great Britain's interest in the strength and security of North America. The sites in the Caribbean area were leased in exchange for fifty "over-age" United States destroyers. Six of these destroyers were subsequently made available to the Royal Canadian Navy and are already in commission.

On Nov. 12, the Prime Minister expressed the view that, "any part which our country may have had in bringing about a harmony of sentiment between the British Empire and the United States may well be a legitimate source of pride to all Canadians". The significance of these closer relations was interpreted by the Prime Minister in these words:

In the midst of the darkness which to-day enshrouds mankind, the relations between the United States and the British Commonwealth shine forth as the one great beam of hopeful light left in the world.

### **The Economic Effort**

Modern 'total war' requires the effective mobilization of economic forces to equip and supply the fighting forces and to maintain the civil population while as much as possible of the national effort is devoted to war. For Canada this has implied that, in addition to providing men and materials for her own fighting forces, she must, to the maximum of her ability, furnish Britain with food, munitions, equipment, and raw materials.

Canada is much better able to aid in these directions than she was in 1914 because the industrial structure, as well as agriculture, is much more fully developed. The true measure of a country's ability to wage war must always be the power to adapt, expand, and adjust its production to meet the ever-changing requirements of war. Canada has ample resources of labour, capital, and material, some of which have hitherto been unemployed, and it should be possible for her to divert a great deal of production to war purposes without a too drastic temporary reduction in the standard of living.

But shortages of certain types of labour and materials arise even when there are no general shortages and well before general shortages are indicated; in the case of these bottlenecks, special measures are necessary to increase supplies or restrict civilian use. Specific shortages of this kind were becoming prominent in Canada in the latter months of 1940.

Study had been made of Canada's possible war-time requirements before hostilities broke out, and consequently it was possible to set up quickly the emergency organizations needed. The Defence Purchasing Board had been established in July and had begun to function actively before War was declared. Under war-time conditions it was realized that a Board with wider powers, which would include not only purchasing but, when necessary, the organizing and directing of supply,



would be needed. As a result, the Government set up the War Supply Board with these broader powers, which took over the work of the Defence Purchasing Board on Nov. 1, 1939. A War Purchasing Mission arrived in Canada in September from the United Kingdom and, after careful study of the supply field, it requested the War Supply Board to act as its purchasing agent in Canada. A prominent Canadian industrialist was appointed Director General of British (and French) Purchasing in the United States, and it was arranged that he should also direct purchases for the Canadian Government in that country.

On April 9, the War Supply Board was superseded by the Department of Munitions and Supply, which retained and expanded the organization and personnel that the Board had already built up. As the need for supplies became more acute, the purchases of the Department were extended and accelerated. On November 20, 1940, the Minister of Munitions and Supply stated in the House of Commons\* that in the first quarter of this year the number of contracts averaged approximately 1,910 per month; in the second quarter approximately 4,070 per month; and in the third quarter nearly 7,500 per month. As of Nov. 11, the total of orders placed for Canadian account amounted to \$540,000,000, and for British account \$309,000,000, making a grand total of \$849,000,000.

The Department also commenced to examine and organize sources of supply, and to mobilize the resources of Canada for the prosecution of the War. In this connection, six Controllers have been appointed to deal with timber, steel, oil, metals, machine tools, and power. A War-time Industries Control Board composed of these Controllers was formed to co-ordinate their work. In November, 1940, the Government also appointed a War-time Requirements Board to ensure that war needs, in the order of their importance, shall have priority over all other needs, and to advise the Government on planning the most productive use of available resources for war purposes. In addition, eight Government-owned corporations have been established to carry out special functions in connection with the purchasing and production of equipment, supplies, or materials necessary for war purposes.

Within a few hours of the outbreak of war in Europe the War-time Prices and Trade Board was set up. This important body, composed of senior civil servants, was charged with responsibility for arranging supplies of necessities where shortages appear likely, for controlling prices in such a way as to prevent profiteering and, when and where necessary, for instituting systems of rationing and control. The Board was given wide powers to make and enforce regulations and has, in general, secured the widespread co-operation of producers and traders alike.

In September, 1940, the Board was given power to control rents and it proceeded to put into effect a standstill order fixing rents, in certain areas of special war-time demand, at the level of Jan. 2, 1940, in order to check the rapid increase in rents which had been going on in these areas. A Rentals Administrator was appointed and local Rentals Committees were set up.

The Government also appointed a special Agricultural Supplies Committee (later changed to a Board) to deal with problems of agricultural

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\* See Unrevised Hansard, Page 286.

supplies and marketing under war-time conditions.\* A Bacon Board was set up to deal with exports of bacon and hams to the United Kingdom under the agreement concluded by the two Governments. It commenced operations on Jan. 20. A Dairy Products Board was later established to deal, in a somewhat similar way, with exports of cheese and other dairy products.

The Canadian Shipping Board was established in December, 1939, succeeding the Ship Licensing Board. It has some control of the Canadian Merchant Marine, assists in obtaining shipping space for Canadian export trade and, in general, deals with Canadian shipping problems. Mention should also be made of the Voluntary Service Registration Bureau which keeps a record of all men and women who have indicated their willingness to take part in war-time activities of all kinds.

The supply of skilled labour is of particular importance in the establishment of large-scale war industries as well as in providing the many skilled tradesmen required by the armed forces themselves. The Department of Labour and the Department of Munitions and Supply have dealt with various aspects of the labour supply problem including the training of labour for war work, in which private employers and provincial and municipal authorities have co-operated. In June, 1940, a National Labour Supply Council was established to advise the Minister of Labour on questions concerning labour supply and training. This Council was composed of representatives of trade unions and of employers and their organizations. In October, 1940, an Inter-Departmental Committee on Labour Co-ordination was established to consider various aspects of labour policy and to ensure that the activities of the various Departments concerned with labour and employment should be properly co-ordinated.

An Advisory Committee on Economic Policy advises the Cabinet directly on the co-ordination and control of economic aspects of the War effort. This Committee is made up almost entirely of senior civil servants who are thoroughly familiar with both the principles and the practice of economic affairs.

After the enactment of the National Resources Mobilization Act, a Department of National War Services was established in July, under a separate Minister (Hon. J. G. Gardiner), to undertake the National Registration of Canadian man-power, and also to co-ordinate and develop the various voluntary war services throughout the country. The new Minister and Department were also to take over the existing government information and publicity services in connection with the War. The most urgent task of the new Department was the preparation for the National Registration (see p. 44). The most immediate use of the registration was for the selection of single men of specified age groups to be called up for military training for service in Canada. Provisions were made to ensure that this calling up be done in such a way as to

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\* The Minister of Agriculture described the War organizations related to his Department in the House of Commons on May 23, 1940 (see unrevised *Hansard*, p. 183).

cause the minimum interference with production in essential industries. The registration will also be used as a source of information on manpower available for other essential work in war time.

The war economic organization as at Dec. 1 is shown in the chart at p. 13.

**The Financing of Canada's War Effort.**—Since the War of 1914-18 Canada has become much stronger financially and, indeed, has now a well-developed and relatively mature financial system, both public and private. The keystone of this structure was placed in 1935 by the establishment of the Bank of Canada. On entering this War the Dominion had, therefore, sufficient financial machinery to carry out the heavy tasks that war demands.

At the emergency session of Parliament in September, 1939, an appropriation of \$100,000,000 was passed to cover war expenditures, and with this was lumped the unexpended funds of the Department of National Defence that had been voted at the first 1939 session. The first War Budget, which was brought down on Sept. 12 by the Minister of National Revenue, set forth the general policies of war finance that the Government proposed to follow. In this Budget moderate increases were announced in income taxes and substantial increases were made in taxes upon certain luxuries and semi-luxuries, notably beverages and tobacco. An excess profits tax was enacted to divert to the Treasury a large part of increased profits arising from war-time conditions.

When Parliament assembled in May, a War Appropriation of \$700,000,000 was passed to meet the costs in 1940-41 of the greatly extended War effort. The Minister of Finance later stated in his Budget Speech that war expenditures during the fiscal year would probably exceed that figure and amount to \$850,000,000 or \$900,000,000. Estimates submitted to Parliament for other expenditures amounted to \$448,000,000, showing a substantial reduction from the corresponding figure of \$525,000,000 in the previous year. The second War Budget, brought down on June 24, provided for substantial increases in taxes to meet a portion of these additional costs of war. The graduated rates of the personal income tax were raised very substantially and exemption limits were reduced. A National Defence Tax was introduced applying broadly to all persons receiving incomes of more than \$600 per annum. So far as possible, this tax is deducted at the source. The Excess Profits Tax was revised and made much more severe. In order to conserve exchange, a War Exchange Tax of 10 p.c. was imposed on all imports except those from the Empire. The excise tax on automobiles was made much more severe and steeply graduated in the upper brackets. The Minister of Finance estimated that these, and the other less important changes, would produce an increase of \$280,000,000 in tax revenue in a full year.

War expenditures during the first twelve months of the War amounted to approximately \$290,000,000. At the end of this period, however, they had reached a much higher rate than this average; the figure of War expenditure for the month of August, 1940, was approximately \$59,300,000, for September it was \$66,700,000 and for October \$81,700,000.



While the United Kingdom is able to pay for a large part of what she buys in Canada either with the proceeds of her sales to Canada, or with cash, there is a considerable excess to be paid for otherwise. Canadian dollars for the payment of a large part of this excess are provided by the repatriation of securities, under arrangements by which Canada buys back or redeems in dollars Canadian securities that have been held in London. Most of this process is carried out directly by the Governments, the Canadian Government raising Canadian dollars and paying them to the British Government in return for the securities that the British Government obtains in the United Kingdom and is able to pay for there in sterling.

Four major borrowing operations were carried out by the Dominion Government during the first fifteen months of the War. The first was of a short-term character, taking the form of a sale to the chartered banks of 2-year 2 p.c. notes to the value of \$200,000,000. The next borrowing was the issue of the First War Loan of \$200,000,000 3½ p.c. bonds and an unspecified amount in conversion in January, 1940, by which time it was judged that incomes and savings had increased sufficiently to ensure the success of a large public loan. The issue was quickly oversubscribed. Total cash subscriptions were \$321,276,850, to which \$200,000,000 in securities was issued, the larger subscriptions being subject to allotment; conversion subscriptions were allotted \$50,000,000 of bonds. In the latter part of May a National Savings Campaign was launched for the sale of war savings certificates and war savings stamps. The certificates are sold for four-fifths of the face value. They mature in 7½ years, which gives a return of 25 p.c. on the money invested, amounting to 3 p.c. per year, compound interest. Up to Oct. 31 certificates to a total face value of \$26,091,680 had been sold, and in addition war savings stamps to a value of \$1,424,061.25 had been sold and not yet turned in for certificates.

The latest loan was the Second War Loan, issued in September, 1940. This consisted of an offer, for cash subscription, of \$300,000,000 of 12-year 3 p.c. bonds, at a price of \$98.75 to yield 3½ p.c. The bonds were also offered in conversion for an issue of bondings maturing Sept. 1. Subscription books opened Sept. 9 and remained open two weeks. Total cash subscriptions amounted to \$342,248,300, and conversion subscriptions to \$24,946,200. The specified total of \$300,000,000 was allotted to cash subscriptions and conversion subscriptions were met in full.

In addition to these normal methods of borrowing, the Dominion Government has received a substantial number of non-interest-bearing loans, both large and small, from public-spirited citizens. Special provision was made for the issue of non-interest-bearing certificates of indebtedness for this purpose. Up to Nov. 18, 1940, 466 of these loans had been received, for a total amount of \$2,843,297.07.

The Foreign Exchange Control Board was established and its powers defined by Order in Council of Sept. 15, 1939 and control began next day. The Government took this step resolutely but reluctantly, because the commercial and financial ties between Canada and other countries, particularly the United States, are very close indeed and there has always been the greatest freedom of financial intercourse between Canada and the outside world. The Board has power to license imports and exports

of goods, currency, and capital (as for example in the form of securities). All transactions with residents of other countries are subject to its regulations. Early in July, the Board, with the approval of the Government, ceased selling foreign exchange to Canadian residents for the purpose of pleasure travel, in order to conserve exchange for the purchase of essential war supplies.

On Apr. 30 a Foreign Exchange Acquisition Order was passed requiring all Canadian residents to sell their holdings of foreign exchange (but not of foreign securities) to the Foreign Exchange Control Board before the end of May. The Board permitted those who needed a current supply of foreign exchange in carrying on their normal business to retain enough for this purpose. At the same time the Bank of Canada sold its gold reserves to the Board in order that all the nation's liquid reserves, both of gold and exchange, might be centralized in the hands of the one agency. The Exchange Fund, established in 1935 and used by the Board in its operations, was increased by \$325,000,000 in order to enable the Board to purchase the gold and foreign exchange referred to above.

## National Defence

**The Administration of National Defence.**—The ever-increasing responsibilities that the War brought to the defence services in Canada and the importance that the Air Arm was assuming in the defence picture, especially in relation to the British Commonwealth Air Training Plan, made it necessary to set up a separate Department of National Defence for Air in May, 1940. On May 22, the Air Ministry Bill (amending the National Defence Act) providing for this Department received Royal Assent. The Hon. C. G. Power, Postmaster General, was made Minister and in addressing Parliament in support of the Bill he warmly commended the move, pointing out the arrangements for closest co-operation between the Defence Departments.

After the accident in June that deprived the Dominion of the services of the Hon. Norman Rogers, Minister of National Defence during the early months of war, Colonel the Hon. J. L. Ralston became Minister of National Defence, and the National Defence Act was again amended on July 8, 1940. A separate Department of National Defence for Naval Services was later established; the Hon. Angus L. Macdonald, Premier of Nova Scotia, was appointed Minister.

Provision was also made for the appointment of an Associate Minister of National Defence in order to facilitate the work of the Department, make it possible to have ministerial attention given to vitally important matters, and help to avoid congestion by providing two outlets instead of one. Mr. Power, who had been Acting Minister of National Defence for extended periods, while retaining the portfolio for Air also became Associate Minister of National Defence with the Hon. J. L. Ralston. The Department thus had the benefit of his recognized organizing ability and the experience he has acquired in the many phases of departmental activities. The Minister of National Defence is the Senior Minister with directing and complete ministerial authority.

**The Army.**—As soon as the emergent requirements for home and coastal defence and the protection of vulnerable points had been met, attention was directed to the establishment of a force to be available for service in Canada or overseas as the occasion might demand. One division and some ancillary troops were despatched overseas during the latter part of 1939, and were followed by additional troops, including the Second Division, in the spring of 1940.

During May and the early part of June troops were despatched outside of Canada to the West Indies, Iceland, and Newfoundland.

Meanwhile, further mobilization was carried out and plans for the direct defence of the East Coast were further advanced by the formation of an Atlantic Command. This is responsible for all matters of defence in the coastal area, including measures adopted for the defence of Newfoundland in co-operation with the Newfoundland Government and for the control of a mobile force stationed in the Maritime Provinces.

By agreement between the Governments of Canada and the United States, a Permanent Joint Defence Board consisting of representatives of the Governments and of the fighting services of both countries was constituted in August, 1940. The duties of the Board are to consider the problem of defence of the North American Continent and to ensure effective co-operation in defence matters that affect both nations.

Following passage of the National Resources Mobilization Act, plans for training at Militia training centres were prepared and the first 30,000 men commenced one month's training on Oct. 9. Instruction given at these centres is designed to give the man called up some basic training in subjects common to the Navy, Army, and Air Force and in doing so to increase his physical fitness to the greatest possible extent during the time available.

At the request of the Government of the United Kingdom, the Canadian Forestry Corps—to consist initially of twenty forestry companies—was formed. Its duties will be similar to those in the War of 1914-18, that is, to exploit the use of the forests of the United Kingdom for war purposes and thereby to economize shipping that would otherwise be required for the carriage of lumber and timber.

The organization, training, and equipment of the Canadian Forces conforms, in general, to British practice, as is customary throughout the Empire. Modifications have been made where necessary to suit Canadian conditions and to facilitate the production of equipment in Canadian factories, which are rapidly becoming the main source of supply for our forces both overseas and in Canada.

**The Navy.**—The task of the Navy in time of war is twofold; to protect Canada's coast and its coastal waters; and to guard all shipping, both approaching and leaving its shores. The fighting ships of Canada's Navy have taken part in convoying merchant ships in this regard.

A phase of naval work that is of great importance is that connected with coast defence including the provision of defences against submarines and armed raiders at harbour entrances, as well as the installation of anti-submarine nets for harbour defence.



The closest co-operation between the Royal Navy and the Royal Canadian Navy has been maintained at all times; this accounts in no small way for the fact that members of either fleet can, at a moment's notice, be transferred to the other without delay.

Although R.C.N. ships never act as ocean escort to convoys (R.N. ships *always* do) they are responsible for the convoys' passage through the dangerous waters adjacent to harbour approaches. During her period of operation in European waters H.M.C.S. *Restigouche* escorted six convoys through the German 'blockade' without the loss of a single vessel. Latest figures reveal that of the 3,302 ships that have left Eastern ports in convoy, 72 or 2·18 p.c. have been lost as a result of enemy action—none of them in Canadian coastal waters.

The ships of the R.C.N. have been augmented since the outbreak of war by the addition of a flotilla leader and six "over-age" United States destroyers (see p. 4). One hundred and thirty vessels of various types were pressed into service as minesweepers, patrol vessels, etc. Some of these were bought outright from other branches of the Government or from private interests. Some, indeed, were donated by public-spirited citizens of the Dominion. Three C.N.R. liners were bought for conversion into armed merchant cruisers. One of these, H.M.C.S. *Prince Robert*, commissioned on Aug. 1, 1940, captured the speedy German freighter *Weser* off the coast of Mexico. Contracts were given for the construction of 60 "corvettes" (190-foot patrol boats), 18 steam and 10 diesel minesweepers, 12 speedy motor torpedo boats and 24 "Fairmiles" (fast-manceuvrable craft for anti-submarine work).

To replace H.M.C.S. *Fraser*, the first R.C.N. ship lost in the present conflict, H.M.C.S. *Margaree*, a Class D destroyer, was acquired from the Royal Navy in late August, 1940. Unfortunately, H.M.C.S. *Margaree* was lost while performing convoy duty on Oct. 22, 1940. The sinking of the *Bras d'Or*, due to a strong gale and a heavy sea, in early November, 1940, brought to three the number of vessels lost by the R.C.N. to date.

By June, 1940, the first detachments of officers from the Royal Canadian Naval Volunteer Reserve had completed training in England. Some units have seen service in the Caribbean Sea and European waters, and on several occasions they have played important roles in the capture of enemy ships. A sequel to the sinking of the *Fraser* was the rescue of a majority of the survivors by H.M.C.S. *Restigouche*. Soon after this, H.M.C.S. *St. Laurent* rescued upwards of 700 persons from the *Arandora Star* which was torpedoed *en route* to Canada with German and Italian internees. H.M.C.S. *Skeena* took part in the rescue work of the ss. *Manipur* after the vessel was damaged by enemy action. For gallantry displayed during the evacuation from France, three officers of the Royal Canadian Naval Volunteer Reserve were awarded the Distinguished Service Cross.

**The Royal Canadian Air Force.**—The R.C.A.F. plays a part of considerable importance in the Empire's War effort. At the outset of the War, Canada had a well-trained air force that could have been sent overseas for immediate service, but it was decided that the R.C.A.F. should be used as a nucleus of a vast Empire air training plan which would provide, over the years, an inexhaustible supply of pilots, air observers, and air gunners. On Oct. 12, 1939, the British Commonwealth Air Training Plan

was announced, and, early in November, air missions representing the United Kingdom, Australia, and New Zealand met at Ottawa. On Dec. 17 an Agreement was made providing for the establishment of 67 schools in Canada for the training of pilots, air observers, and wireless operator-air gunners. This Agreement, enlarged now to embrace 83 schools, will remain in force until Mar. 31, 1943, but may be terminated or extended by mutual consent. The Plan, as first drawn up, has been shortened in several respects in order to accelerate the output of personnel that events in Europe have demanded. A special article on the organization of the Plan and the progress that has been made to date is printed at pp. 17 to 26. The cost is estimated at \$600,000,000, of which Canada's share is \$350,000,000.

The work of planning and laying out airports and providing equipment for the Trans-Canada Airway in years previous to the outbreak of war, has proved to be a very substantial contribution to the actual War effort. Indeed, the excellent advantages possessed by the Dominion for air training were largely instrumental in the choice of Canada as the locale of the Plan.

But, while the British Commonwealth Air Training Plan is the main direction in which the R.C.A.F. is advancing Canada's War effort, there are other important ways in which support is being given. There are a great number of Canadians already serving overseas both with the R.A.F. and in squadrons of the R.C.A.F. operating with the R.A.F. Canadian airmen are also manning home defences, sea coasts, and vital territories, as well as convoying ships and 'spotting' for the Royal Canadian Navy. Thus in a three-fold way the R.C.A.F. has taken to the air and is carrying on in the traditions set by the Canadians in 1914-18.

Whereas in September, 1939, the R.C.A.F. had 450 officers and 4,000 airmen, on Sept. 15, 1940, the strength was in excess of five times these figures.



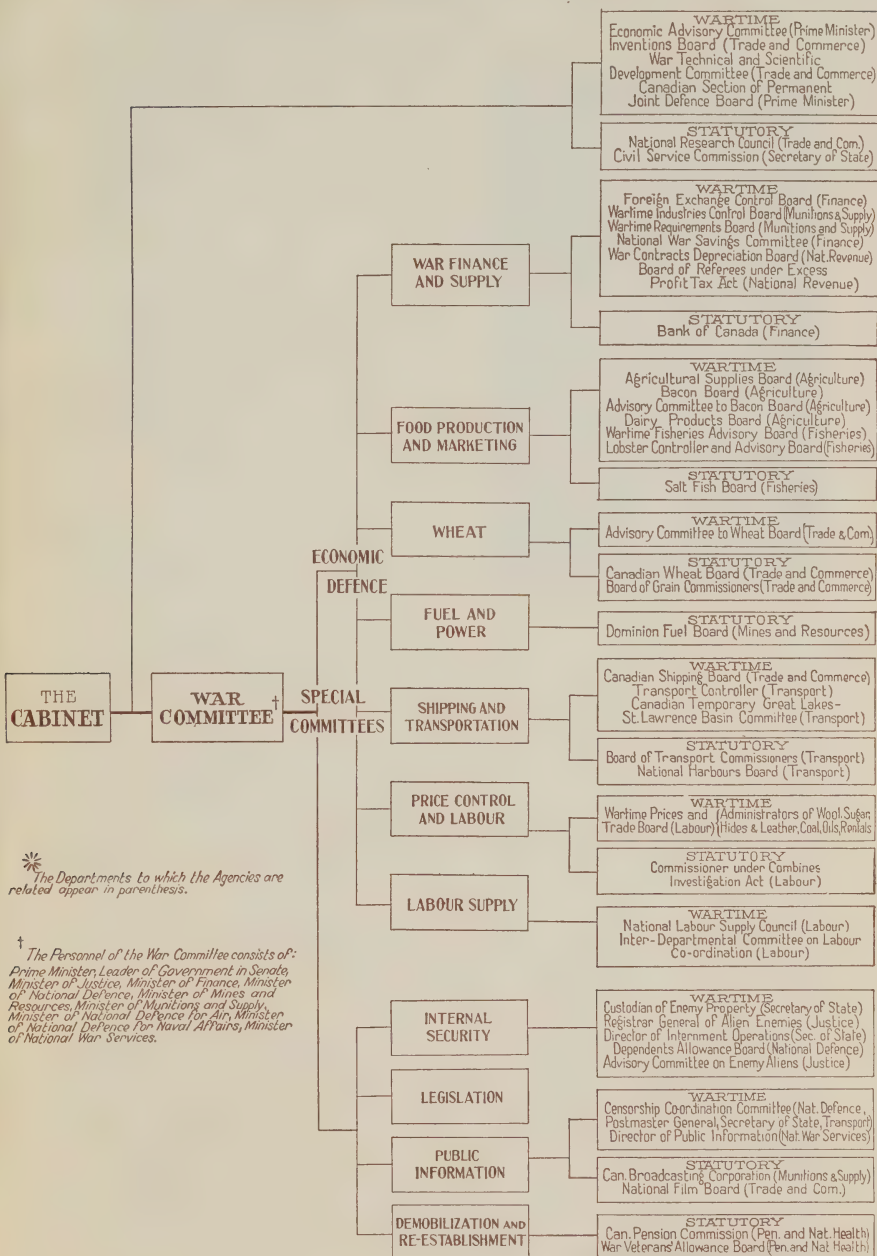
H.M.C.S. *Fraser*, the First Canadian Naval Vessel to be Lost in the War.—The *Fraser* was sunk in a collision off the French coast on June 25, 1940.

*Courtesy, Department of National Defence.*

# WAR ORGANIZATION

## CABINET COMMITTEES

## RELATED AGENCIES

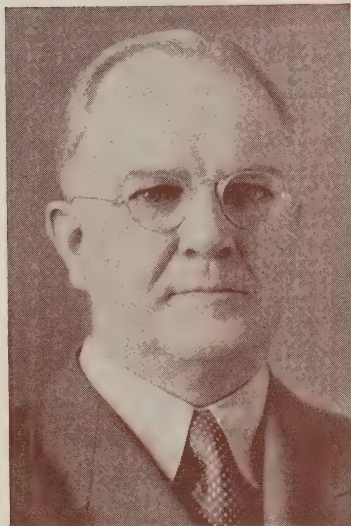


\* The Departments to which the Agencies are related appear in parenthesis.

† The Personnel of the War Committee consists of: Prime Minister, Leader of Government in Senate, Minister of Justice, Minister of Finance, Minister of National Defence, Minister of Mines and Resources, Minister of Munitions and Supply, Minister of National Defence for Air, Minister of National Defence for Naval Affairs, Minister of National War Services.



## Economic Conditions in Canada at the Close of 1940



Hon. James A. MacKinnon, M.P.,  
Minister of Trade and Commerce.

In the following paragraphs the statistics and trends given in the chapter material of this Handbook in relation to certain outstanding branches of Canadian economy, are brought up to the time of going to press.

**Agriculture.**—Canada's wheat crop for 1940 is estimated at 547,000,000 bushels as compared with 490,000,000 bushels in 1939. Of these 547,000,000 bushels, about 427,000,000 bushels, in addition to the carryover of 301,000,000 bushels from the last crop year, are considered to be available for export during the present crop year.

Crops other than wheat were also generally larger in 1940 than in 1939, the important oat crop being estimated at 388,000,000 bushels against 384,000,000 bushels and barley at 105,000,000 bushels against 103,000,000 bushels. Mixed grains are estimated at 44,000,000 bushels, unchanged from 1939, and rye at 14,000,000 bushels against 15,000,000 bushels. The estimated crops of peas and buckwheat are practically unchanged from 1939; on the whole, however, the field crops are estimated as being 6 p.c. greater in volume and the first estimate of their total value is \$648,286,000 as compared with \$669,672,000 in 1939, a decrease of 3 p.c. The wheat crop was valued at \$280,582,000, an increase of over 5 p.c.

As regards animal husbandry, it may be noted that the meat trade was distinctly more active in the first 48 weeks of 1940 than in the same period of 1939. Cattle slaughterings in the same period increased by nearly 2 p.c. over 1939 and hog slaughterings by 48 p.c. Recently the British Government has renewed the contract for a year's supply of Canadian bacon, amounting to 425,000,000 lb.

**Mines and Minerals.**—In 1940 increased production by the Canadian mining industry reflected for the second consecutive year the tempo of war-time conditions. Statistical returns received from operators during the first nine months of the year indicated an increase in output over 1939 in almost all branches of the industry. The stability and efficiency of this great basic industry are proving to be of ever increasing importance as factors in the Empire's magnificent War effort. Gold output should surpass the previous high record of 5,094,379 ounces established in 1939. This is of very great significance in financing the purchase of war materials from

foreign countries. A satisfactory output of the non-ferrous metals, including nickel, copper, lead and zinc, was maintained throughout the year and increased shipments of cement, clay products and other structural materials emphasized the rapid expansion in war-time construction. A distinct increase in production of Canadian coal during the year under review helped to conserve foreign exchange while an expansion in crude-petroleum and natural-gas production continued in the important Turner Valley oil fields of Alberta.

**Forestry.**—During 1940 the Canadian lumber industry was called upon to take a leading part in the national War effort. Following the loss of other sources of supply, shipments of Canadian lumber to the United Kingdom rose to the exceptionally large volume of 1,600 million board feet. Exports of planks and boards in the first 10 months were 2,030 million board feet, an increase of 11 p.c. over the corresponding figure of 1939, while newsprint production, at 2,883,562 tons, was over 23 p.c. more than in the same period of 1939. Exports of lumber to the United States increased in value and provided American dollars urgently needed for the purchase of war supplies.

The industry provided lumber for some 5,000 buildings erected at air-training schools, air stations, and military training camps, and structural timbers were supplied for more than 335 aircraft hangars and drill halls.

The index number of employment in logging was 258·6 at Nov. 1, 1940, as compared with 206·4 at the same date of 1939.

**Central Electric Stations.**—Electric power production is one of Canada's leading and most rapidly expanding industries; output of electric power being now five times as large as in 1919, the earliest year for which this figure of output is available. Pulp and paper and mining companies purchase a very large proportion of the output of central electric stations. In the first ten months of 1940 the output of electric power was 24,971 million kilowatt hours, the highest figure on record for this period and an increase of 8 p.c. over the corresponding period of 1939. About 98 p.c. of Canada's electric power is produced from water. Indeed, in the production of hydro-electricity, Canada is second only to the United States and in aggregate production of electricity was fifth among the nations of the world in 1938. The consumption of firm power has increased steadily and for the first ten months of 1940 amounted to 18,892 million kwh. which was 16 p.c. above the firm power consumption in 1939.

**Manufactures.**—As pointed out at p. 112, the best barometer of conditions in the manufacturing industry, until the 1939 and 1940 Censuses of Industry have been completed, are provided by indexes of employment compiled, month by month, in the Dominion Bureau of Statistics. A table showing these indexes down to November, 1940, is there given, and it will be seen that from September, 1939, to November 1, 1940, the index, based on 1926 as 100, advanced from 115·3 to 144·6.

A monthly index of manufacturing production is constructed in the Bureau from 30 significant factors and this has shown a general upward

trend with minor fluctuations, and over the first 12 months of the War effort it rose from 121·3 in September, 1939, to 142·4 in April, 1940, and to 174·2 in October.

**External Trade.**—Canadian exports, excluding gold, totalled \$964,000,000 in the ten-month period ended Oct., 1940, against \$727,000,000 in the corresponding period of the previous year, an increase of 33 p.c. A very large part of this rise is represented by exports to the United Kingdom which at \$424,000,000 were up 58 p.c., though other countries, notably the United States (26 p.c.), Australia (13 p.c.), and British S. Africa (119 p.c.) showed substantial gains; Japan fell from \$24,000,000 to \$10,000,000.

Imports for the first ten months of 1940 were 47 p.c. above the same months of 1939, standing at \$877,000,000 against \$594,000,000. The United States accounted for more than three-quarters of the increase. Total trade (imports and exports combined) has increased to the point where, for the month of October, it stood at \$215,000,000—higher than for any other month since 1929.

The export balance of trade was \$99,000,000, which represented a decline from the previous year of 30 p.c. This balance was supplemented by net exports of non-monetary gold amounting to \$169,000,000.

**Employment.**—The response of Canadian industry to war-time demands resulted, during 1940, in a volume of employment greatly exceeding that of any other year in the Dominion's history. From Apr. 1, the trend was consistently upward; between that date and Nov. 1, the index rose by over 24 p.c., a larger-than-normal advance, which represented an increase of some 267,400 men and women in the working forces of the employers reporting to the Dominion Bureau of Statistics. At Nov. 1, returns were received from 12,392 establishments, whose staffs aggregated 1,364,720, while the index, based on the 1926 average as 100, stood at 139·2, the highest on record; the Nov. 1, 1939, figure was 123·6.

The improvement in 1940 extended to all parts of the country and to all industries. The gains in manufacturing were particularly pronounced, employment in factories rising to unprecedented levels. The non-manufacturing divisions also showed considerable activity, although construction, as a whole, lagged behind other classes during most of the year; this was due to curtailment in the highway group, although building construction afforded more employment than in any other year since 1931.

The expansion in industrial activity resulted in a marked decline in unemployment; it is estimated that the proportion of unemployed among the total number of wage-earners declined from 13·8 p.c. in January, 1940, to 4 p.c. at the end of October; in October, 1939, the estimate was 10 p.c.

**Prices.**—Following a sharp advance in the last four months of 1939, movements in commodity prices during 1940 were comparatively small. Except in the case of security prices, 1940 year-end levels were slightly higher than in December, 1939. Wholesale price levels have been held in check by sharp declines in grain quotations in May and June, and farm products, as a group, suffered major losses during the year. Increases in clothing and home furnishings have been the main contributing factor to a rise of approximately 3 p.c. in living costs.





## BRITISH COMMONWEALTH AIR TRAINING PLAN



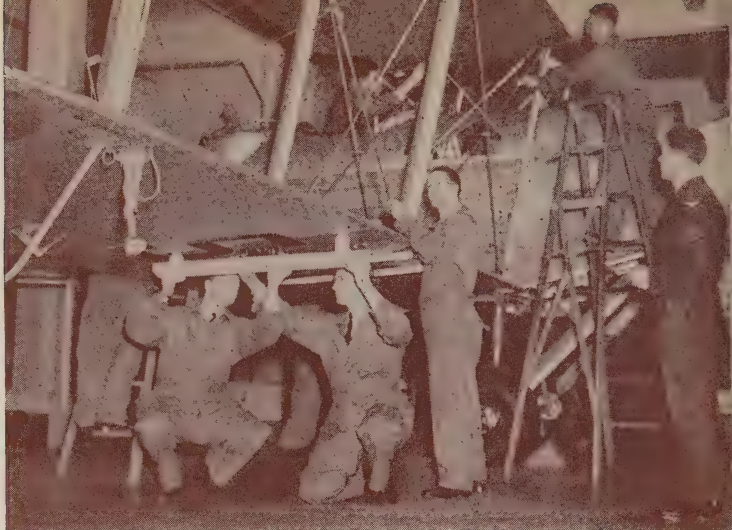
On Oct. 12, 1939, about six weeks after the outbreak of war, a comprehensive scheme of Empire air training was announced simultaneously in the United Kingdom, Canada, Australia, and New Zealand. This plan, known as the British Commonwealth Air Training Plan, is a vast enterprise undertaken by the four contracting Governments to assure an inexhaustible supply of trained airmen to carry on the war against the totalitarian powers. The Agreement was signed in December, 1939.

The Plan was initiated by the United Kingdom and Canada. The former realized that, if ultimate victory was to be achieved, mastery of the air, as well as of the sea, would be a deciding factor, and that the organization of Empire resources for the rapid and efficient training of pilots, air observers, and air gunners was necessary. The growth and expansion of the aircraft industry in the United Kingdom and her huge purchases of aircraft abroad made it necessary that she should look ahead to the training of the personnel required to man her aircraft. The area of the United Kingdom is little more than one-quarter the land area of Ontario and the thickly populated and highly industrialized areas; the relatively short distances; the limited number of aerodrome sites available for practice purposes on such a scale as war demands and when operational needs under conditions of 'total warfare' are taken care of, not to speak of the confusion of attempting to provide for preliminary training of the necessary numbers in what is actually a front line defensive system; the climatic conditions of fog and cloud that restrict the number of flying days available; and the compact honey-combed nature of the countryside all militated against the establishment of a vast training scheme in Britain.

Canada, on the other hand, possesses all the advantages and none of the disadvantages as the locale of such a training scheme. Her wide distances and organized system of aerodrome sites along the Trans-Canada Airway; her potential industrial output of machines and equipment compared with the other Dominions; her close relations with, and proximity to, the industrial centres of the United States where large British purchases of aircraft are made; her relative nearness to the United Kingdom combined with safety from enemy attacks; and the aptitude and proven skill of her sons for flying all combine to place her in an exceptional position to make a great contribution to the Empire scheme. This, Canada consented to do and has bent every effort to make the Plan, which has become "Canada's greatest single enterprise", a success. The program is being carried out in Canada, administered by the Government of Canada, and organized and operated by the Royal Canadian Air Force. The Department of Munitions and Supply is responsible for the construction of buildings, etc., but the Transport Department built the aerodromes.

The Commonwealth Air Training Plan produces its pilots, air observers, and air gunners for service in the Royal Air Force. These are separate

Rigging Class at the  
School of Aeronautical  
Engineering, Montreal.



Instruction under the  
B.C.A.T. Plan at the  
Wireless School,  
Montreal.



Future  
Air-Frame Mechanics  
in School.

*Courtesy, Department of National  
Defence for Air.*

altogether from airmen already sent from Canada for service overseas by the Royal Canadian Air Force, which are a voluntary and entirely supplementary contribution and retain their identity as the R.C.A.F. Another contribution to Canada's War effort in the air is that section of the R.C.A.F. known as the Home War Establishment, whose principal duty is the defence of Canada. Its function is to carry out reconnaissance duties, to engage in anti-submarine patrol, to provide aerial protection to convoys going overseas, to Newfoundland, or to the Caribbean. Besides this, it is charged with the duty of training men for its own operations and overseas service.

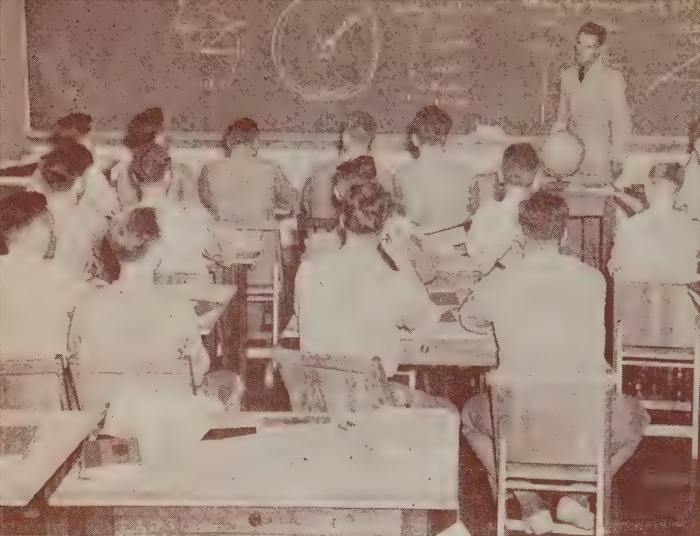
**The Plan.**—As at first outlined, the total cost of the project was estimated at \$600,000,000, of which Canada's contribution was set at \$350,000,000, including the entire cost of the Initial Training and Elementary Flying Training Schools. Canada was to provide, moreover, about 80 p.c. of the pupils, and about 90 p.c. of the personnel of the Royal Canadian Air Force was to serve as administrators and instructors. A personnel of over 40,000 was estimated as required to operate its various facilities. Schedules were established that were to bring the Plan to its predetermined capacity by the beginning of 1942 and, in the meantime, progressively increasing numbers of pilots, air observers, and air gunners were to be trained. The qualifying factors to the success of the program were the construction to schedule of aerodromes, buildings, aircraft, and engines, and the training of maintenance crews, administration personnel, instructional staff, and students.

**Administration.**—The organization and executive command of the training schools under the Commonwealth Plan has been entrusted to the Royal Canadian Air Force. A supervisory board has been established for the general supervision of the Plan and meets at regular intervals. The Minister of National Defence for Air is Chairman of the Board and members include the Minister of Finance, the Minister of Munitions and Supply, representatives of the Governments of the United Kingdom and Australia in the persons of the High Commissioner in Canada for the United Kingdom, the High Commissioner for Australia, and a representative of New Zealand, the Deputy Minister of National Defence for Air, and the Chief of the Air Staff for Canada.

The country is divided into four Training Commands: No. 1 Command, with Headquarters at Toronto, includes eastern Ontario with the exception of the Kingston, Mattawa, Montreal triangle; No. 3 Command, with Headquarters at Montreal, extends eastward from the No. 1 Command to the Atlantic seaboard; No. 2 Command, with Headquarters at Winnipeg, extends westward from a due north-south line drawn from the Lake Superior coast at Schreiber to the eastern limits of Alberta but does not include the southwest corner of Saskatchewan; No. 4 Command, with Headquarters at Regina, extends from this line to the Pacific Coast.

Each Command is organized independently with its own schools, depots, and recruiting centres. Permanent corps of competent aero-engine mechanics, air-frame mechanics, and fabric and metal workers are maintained at each Command to keep training equipment in perfect condition. With such rapid expansion as has taken place, it has been necessary to enlist the services of men from all walks of life. Administration personnel

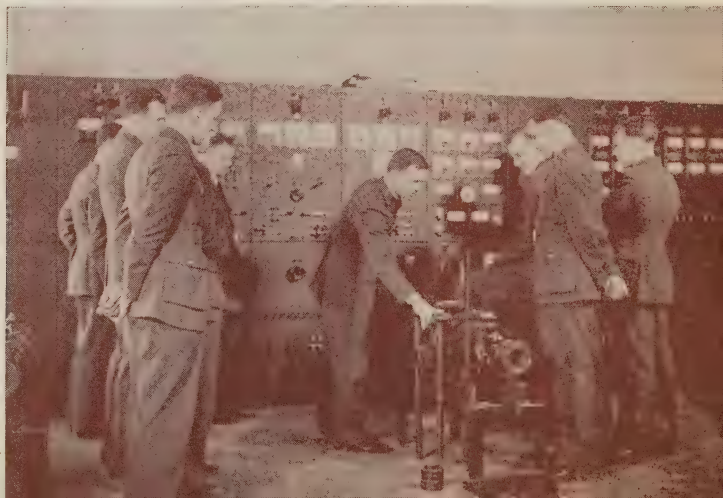




Class-Room Scene at  
One of the Many Centres  
of the B.C.A.T. Plan.



Students Undergoing  
Lewis Gun Training.



Students in the  
Electrical Course.

has been recruited and trained for duty at all the 71 units for the training of pilots, air observers, and air gunners shown in the chart at p. 25 besides those of Air Force Headquarters, R.C.A.F. Commands, and schools for instructors.

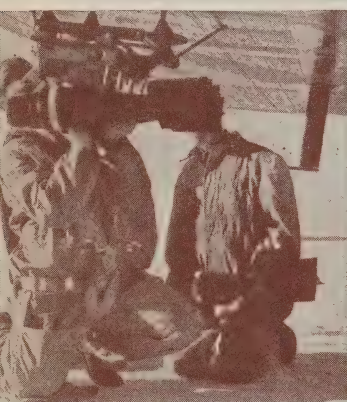
**Selection of Sites for Schools and Aerodromes.**—The responsibility for the selection of suitable sites for the aerodromes required for the Plan and the preparation of these sites for use was placed on the Civil Aviation Branch of the Department of Transport, whose wide experience in connection with the ten-year program of similar work on the Trans-Canada Airway proved invaluable. Their recommendation had subsequently to be passed by the Royal Canadian Air Force Aerodrome Development Committee. In the original program aerodromes were required for 26 elementary training schools; 10 air observers schools; 10 bombing and gunnery schools; 16 service flying training schools, each requiring 3 aerodromes; and 2 air navigation schools. As 8 Elementary Flying Training Schools operate from Air Observers School aerodromes, the total number of aerodrome projects amounted to 88.

The rapid series of successes of German arms on the Continent of Europe in the summer of 1940, which culminated in the capitulation of France, placed the United Kingdom in a most critical position and made it necessary to advance the Commonwealth effort by all possible means. Speeding up of the construction program was, of course, fundamental since it was impossible to proceed with training without adequate facilities. The schedule contemplated construction over a period of two and a half years but 90 p.c. of the projects were completed by November, 1940.

The factors governing the selection of sites for schools and the development of aerodromes were: (a) The cost of extending aerodromes previously used by the Trans-Canada Air Lines or establishments for other purposes as compared with the cost and development of new sites, taking into consideration equitable distribution as between the various provinces; (b) The value of new developments as a permanent asset to the Dominion as a whole for civil flying at the conclusion of the present conflict; (c) The character of the surrounding country and the proximity of hazards to flying; (d) The location of the sites with respect to railroads, highways, telegraph and telephone facilities, and adequate supplies of power; (e) The proximity of schools to aircraft and other plants to facilitate overhauls and maintenance of aircraft and engines.

**Equipment.**—Training aircraft for the Air Training Plan can be roughly divided into two classes, elementary trainers and advanced trainers. The elementary trainers are produced in Canada; some are equipped with engines obtained from the United Kingdom and others with engines obtained from the United States. The advanced trainers were to have been furnished by the United Kingdom as part of its contribution to the Plan. Some of these were to have been produced in the United Kingdom and others were to have been purchased in the United States and sent on to Canada. The change in the military situation during May made it difficult for the United Kingdom to make her contribution and it became necessary for her to suspend shipments for a time. Immediate arrangements were made to manufacture substitute aircraft in Canada and until





1. Student Pilots at Trenton, Ont.
2. Servicing a "Harvard" Trainer.
3. Loading Bomb Racks of a Fairey "Battle".
4. Radio Operator at His Key in a Flying Boat.
5. Making Tea in the Compact Galley of a Flying Boat.
6. Navigator at His Table in the Air.

*Courtesy, Department of National Defence for Air.*



such production could be commenced and shipments resumed by the United Kingdom, the gap in the program was partly filled by the purchase of new and used aeroplanes from the United States. Each of the 16 Service Flying Training Schools, where pilot pupils do their intermediate and advanced training, requires, when in full operation, about 100 advanced trainers.

The types of training aircraft include: The Fleet "Finch" and the de Havilland "Tiger Moth" for instruction at Elementary Flying Training Schools. The Avro "Anson" and North American "Harvard" for pilot instruction at Service Flying Training Schools (the former also for Air Navigation Schools). The Fairey "Battle" for use at Bombing and Gunnery Schools, and Air Armament School. The Noorduyt "Norseman" for use at Wireless Schools and Air Navigation Schools. Other aircraft available include Airspeed "Oxfords", Lockheed "Hudsons", Boeing transports, Douglas "Digbys", and Westland "Lysanders".

**Training.**—Great technological progress has taken place in the science of aviation since the War of 1914-18. The super-speeds now attained and the intricate service-craft that are now standard require men who are young enough to withstand the physical strain and absorb the knowledge and technique required in the shortest possible time. It is essential that their instruction be thorough, efficient, and complete, for on them depends not only the success of the Plan, but in large measure the lives and future destiny of the nation.

The vast majority of the personnel to be trained under the Plan will be Canadians. Practically all air recruits in the United Kingdom will be trained at home. In Australia and New Zealand all air recruits will receive their initial and elementary flying training at home, while most of the former and some of the latter will also receive advanced training in their respective countries. Under the Agreement, however, about one-fifth of the pupils who receive advanced training in Canada will come from the other two Dominions. A number will also be received from the United Kingdom, Newfoundland, and elsewhere.

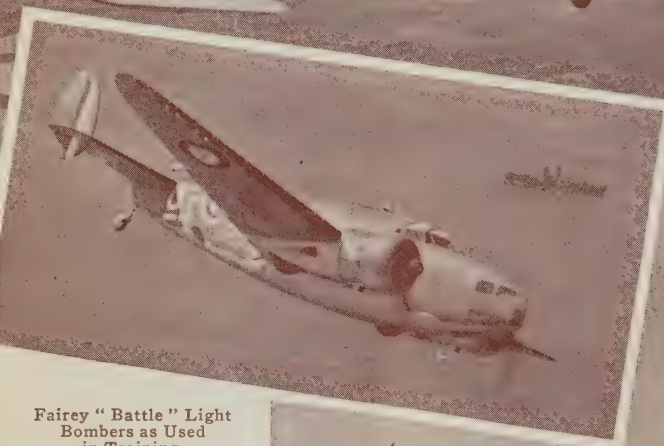
Since plans for the training scheme were first drawn up, changes have been introduced in order to accelerate the output of pilots and personnel to meet the urgent requirements that developments in Europe have made necessary. These were made with the least possible interference with efficiency or high standards of training by the provision of more equipment and facilities, the reorganization of courses, and the saving of time in the training sequences. The changes were made at the request of and in co-operation with the United Kingdom and have resulted in a substantial all-round speeding up of the Plan.

The air-training program is illustrated in the diagram at p. 25.

Applicants for air training under the Plan must subject themselves to interviews by the Officer Commanding at one of the 17 Recruiting Centres throughout Canada, and must undergo medical examination. They are then sent to one of the 4 Manning Depots where for two or three weeks they learn the ABC's of Air Force life. From there they go to one of the three Initial Training Schools where a 4-week schedule takes them through courses in elementary mathematics, accounts, armament hygiene and sanitation, duties of an officer, drill and physical training, law and discipline, administration and organization.



A North American  
"Harvard" Used in  
Advanced Training.



A Lockheed  
"Hudson" on Coastal  
Reconnaissance.

Fairey "Battle" Light  
Bombers as Used  
in Training.



An Avro "Anson"  
Used for Training  
Bomber Crews.



Below.—Light Training  
Machines Used for R.C.A.F.  
Preliminary Instruction.

*Courtesy, R.C.A.F. and Fleet  
Aircraft, Limited.*



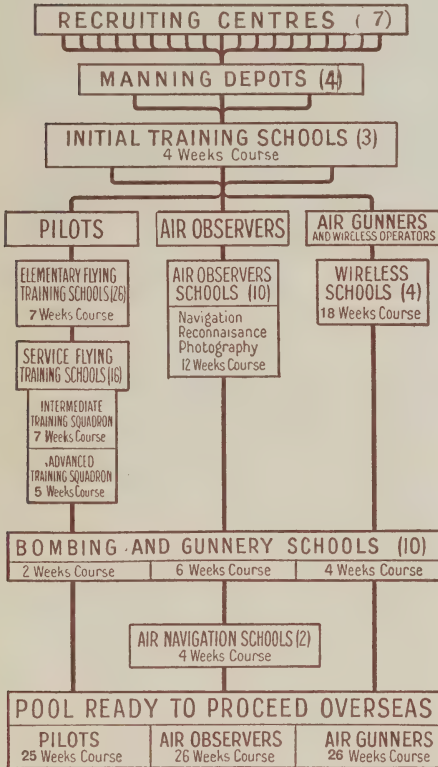
Results of progress through the Initial Training School determine the post for which each man is best fitted. The pilot must be between the ages of 18 and 31 and other members of the aircrews between the ages of 18 and 32. Prospective pilots are selected with the help of the 'link

trainer', a machine resembling a miniature aeroplane but fixed to the ground. Instruments record the movements and actions of pupils, the co-ordination of mind and muscle, and reactions to normal flight movements. The pilots then have 7 weeks in an Elementary Flying Training School; then 12 weeks at a Service Flying School, after which they go overseas for further training in operational training units prior to being absorbed in Service squadrons.

The close teamwork demanded of an aircrew means careful training for the air observer upon whose shoulders, just as much as on the pilot's, rests the responsibility of the 'plane's mission. The observer is also the bomb aimer and bomb dropper once he has navigated the 'plane to the objective. Chosen for his sense of responsibility and mathematical precision, the air observer student leaves the Initial Training School for a 12-week course in an Air Observers School, where

## BRITISH COMMONWEALTH AIR TRAINING PLAN

### SEQUENCE OF TRAINING



he learns air navigation, aerial photography, and reconnaissance duties such as sketching, observation, and spotting enemy positions and concentrations. He then has 6 weeks at a Bombing and Gunnery School and 4 weeks at an Air Navigation School. The entire course for an air observer is 26 weeks.

An aircraft needs a pilot to fly it, an air observer to navigate it, but it takes an air gunner to provide the protection from hostile 'planes so that all can reach the home base safely. When not fending off attacking enemy 'planes, the air gunner is wireless operator and controls the means



of communication with the home base and other 'planes of the formation. The first stage of an air gunner's training is a course of 18 weeks in a Wireless School. He then has 4 weeks at a Bombing and Gunnery School. The entire air gunner's course runs to 26 weeks.

At the conclusion of training, all specialists of high standing, coming from the 'production line' as pilots, air observers, or air gunners, enter the aircrew pool; here they are organized into aircrew units. This pool is the point where the graduates of the Air Training Plan step from training into active service. The majority go overseas. Some Canadians may remain in Canada for a time attached for further training to the home defence squadrons for active service on the sea coasts.

Many recruits never attend an Initial Training School or Elementary Flying School but proceed from a Manning Depot to the Technical Training School where they qualify as maintenance crews on the administrative side of the Plan. The centre of training for such crews is St. Thomas, Ont. The length of the technical course is 18 to 24 weeks and graduates are qualified in such trades as aero-engine mechanics, air-frame mechanics, fabric workers, instrument makers, electricians, and all allied Air Force trades. There have also been established Equipment Schools, Accountant Schools, Schools of Administration, and a Chef School.

**Post-War Dismantling.**—When the War ends, all lands acquired for the Plan will remain Canadian Government property. With the exception of aircraft and equipment supplied by the United Kingdom, all other assets will be shared equally among the participating Dominions and the United Kingdom.

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## THE ROYAL CANADIAN MOUNTED POLICE

Colonel J. B. Mitchell, One of the Original Members of the R.C.M.P., and Mrs. Mitchell,  
Being Presented to Their Majesties, King George and Queen Elizabeth  
during the Royal Tour across Canada.

*Courtesy, R.C.M.P., Ottawa.*





The Old Mounted Police  
Fort at Battleford, before  
and during the Rebellion  
of 1885.



Fort Walsh, Cypress Hills,  
1898.



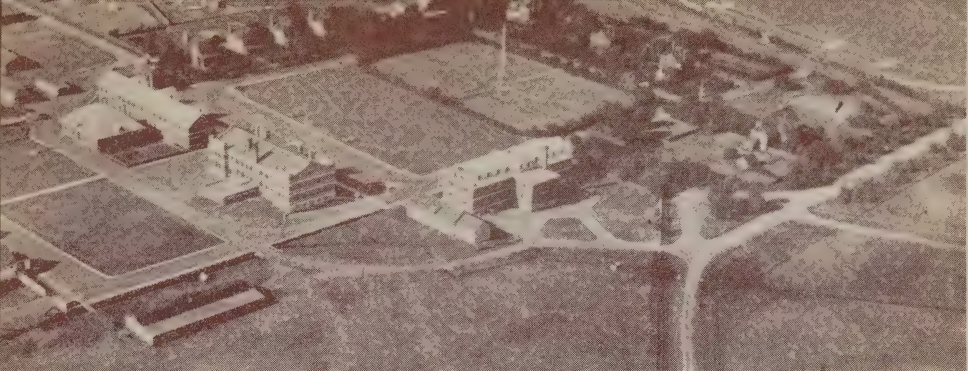
Concentration Camp,  
Blood Reserve, 1888.

Fort Macleod, 1874.

*Courtesy, R.C.M.P., Ottawa.*







Barracks at Regina, Sask., 1940.



Craig Harbour Post, Eastern Arctic, 1940.



Patrol Boat *St. Roch*.—The pioneer vessel of the R.C.M.P. Marine Section.



Launching of the R.C.M.P. Prevention Service Cruisers *MacDonald* and *Laurier*, 1937.

R.C.M.P. Cruiser, *Alachasse*.

*Courtesy, R.C.M.P., Ottawa.*





Member of the R.C.M.P. on Parliament Hill, Ottawa.

R.C.M.P. Contingent, Golden Gate Exposition, San Francisco, Cal., July, 1939.



The King and Queen leaving the R.C.M.P. Chapel, Regina, Sask., on Their Tour across Canada, 1939



R.C.M.P. Provost Company in England, 1940.



## THE ROYAL CANADIAN MOUNTED POLICE



**Background.**—On the 23rd day of May 1873—six years after Confederation—the Dominion Parliament authorized the establishment of the North West Mounted Police. It had been the intention to call the Force “Mounted Rifles” but in deference to suggestions reaching him, the Prime Minister, the Right Honourable Sir John A. Macdonald, had drawn his pen through the words and substituted “Mounted Police”. The organization of the Force was therefore intimately bound up with Confederation; it was, in fact, the direct result of the problems faced in opening up the western prairies, and linking the Provinces of Ontario and British Columbia by the construction of the Canadian Pacific Railway. When British Columbia entered Confederation in 1871 the Dominion Government had guaranteed this railway link between east and west.

Since 1873 the Force has played a conspicuous part in the development of Canada and about it is woven the colourful picture of the settlement and welding into the Dominion framework of the vast Northwest. For two hundred years previous to Confederation the larger part of this area, vaguely defined as regards boundaries, was the territorial monopoly of Rupert's Land, which had been granted to the Hudson's Bay Company by Charles II of England in 1670. This Company, growing to be a powerful trading corporation, sold the territory, while reserving certain valuable rights, to the young Dominion Government in 1870. There were troubles incidental to this transfer which made it necessary that the Dominion Government should have a force on the spot vested with the necessary authority to maintain law and order.

From these beginnings, the present Royal Canadian Mounted Police has developed into a Force of nearly 4,000. To-day it represents Canada in every province and its activities have broadened out to comprise such duties as the suppression of smuggling and traffic in narcotic drugs as well as secret service activities: ministerial jurisdiction is vested in the Minister of Justice.

It is the purpose of this article to summarize the history of the Force so far as space will permit.

**The Organization of the N.W.M.P., The ‘Great March’, and the Formative Period.**—In 1870 the organization of the Province of Manitoba was under way and Winnipeg had already become the gateway to an enormous and potentially rich area stretching westward approximately 1,000 miles from the Red River Valley to the Rockies and from the United States boundary to the forest country of the North Saskatchewan. But, before these rich resources could be developed, a new order had to be established throughout what was naturally a vast Indian battleground and



buffalo pasture. Everywhere in this uncontrolled expanse, not only was an adequate and efficient force needed to furnish security for settlers and Indians, but to provide an efficient instrument for the assertion of the national authority, the enforcement of law, and, eventually, the safe construction and operation of the proposed transcontinental railway.

The Indians of the farther plains had never permitted permanent trading posts to be established among them, but had been accustomed to receive trading visitors both from the Saskatchewan and the Missouri. With the coming of wagon trains from the latter (and not a few free traders with their carts from the Red River Settlement) loaded with "firewater", a dangerous situation had resulted. Tribes were being constantly inflamed against tribes; Red men against Whites. Especially was this the case with the ferocious Blackfeet Nation—the Blackfeet proper, the Bloods, and Piegons, all speaking the same language, and the Sarcees, a small adopted tribe.

So serious were the reports of disorder drifting eastward that the Dominion Government undertook to investigate the situation. An officer was assigned to examine the conditions, and his finding was that the entire Northwest was "without law, order or security for life or property". He recommended the appointment of a Civil Magistrate or Commissioner, after the models existing in Ireland and India; the organization of a well-equipped force of from 100 to 150 men, one-third to be mounted; the establishment of several government posts; the extinguishment by treaty of Indian titles to the land, and other essentials. The commanding officer of the Canadian Militia was also despatched upon a western reconnaissance. He in turn reported that "a large military force was not required, but that the presence of a certain force would be found to be indispensable for the security of the country, to prevent bloodshed and preserve order". Many Hudson's Bay Company officers and church missionaries had made vigorous complaints; and finally it was learned that a veritable plague of illicit traffickers was swarming across the border to the utter demoralization of human life. Smallpox had also appeared and was reducing the Indians of the plains to a sorry plight.

Outstanding incidents prompted the Government to adopt some form of regulation. In 1873 a small party of freebooters from beyond the boundary had fallen upon a camp of Assiniboines in the Cypress Hills, on the Canadian side, in retaliation, it was said, for wrongs inflicted by Indians from the north, and, with repeating rifles, had cut down the defenceless Red men indiscriminately. Settlers on their way north from the United States had been waylaid by debauched Indians and completely wiped out; and, for no apparent reason, a camp of Piegons had been butchered mercilessly to the number of 170 men, women, and children by armed White men.

About this time, too, the demarcation of the western boundary between the United States and Canada was being carried forward under an International Boundary Commission—altogether it was a strenuous period for the young Dominion. The Fenian raids had drawn heavily upon the Treasury; the future of the railway planned to span the continent at tremendous expense was obscure; the new provinces of Manitoba and British Columbia were being organized; a severe trade depression prevailed,

and revenue was limited. To add to the seriousness of the situation was the inescapable fact that a reign of utter lawlessness had fallen upon the newly acquired realm, and some form of preventive action was imperative.

Under these conditions the North West Mounted Police had its beginnings. In 1873 a complete plan for the organization, equipment, and distribution of the Force was proceeded with; only men of sound constitution, able to ride, who were active and able-bodied and of good character, between the ages of 18 and 40, were to be enlisted, and all were to be able to read and write either English or French. The command was to be divided into Troops. The commanding officer was to be termed "Commissioner", and have the rank of Lieutenant-Colonel. The term of service was to be for at least three years. It was to be a semi-military body, the immediate objectives being: to stop the liquor traffic among the Indians; to gain their respect and confidence; to break them of their old practices by tact and patience; to collect customs dues; and to perform all duties such as a police force might be called upon to carry out. An Act was passed in 1874 prohibiting the importation or manufacture in the Northwest of all intoxicating liquors; and a Board of Indian Commissioners was appointed to deal with treaty-making and such general policy as might be laid down by the Department of Indian Affairs.

The authorized strength of the Force was 300 men, but it was decided, for the time being, to form only three Troops of 50 men each, to be sent that autumn (1873) over the so-called Dawson Route from the head of Lake Superior. In late October, Red River was reached, and the party proceeded to the Lower Fort Garry, or "Stone Fort" (20 miles down the river from Winnipeg) for training in preparation for work across the prairies the following spring. Towards the end of the year, a young British officer, Lieut.-Col. George A. French of the School of Gunnery, Kingston, Ont., officially assumed the office of Commissioner.

The Commissioner was not slow to realize that, upon penetrating the plains, the Force would have to be well prepared and that, beyond the farthest point reached by the Boundary Commission, the country would be practically unknown. Realizing that 150 men would be insufficient for the task in hand, further recruiting, to bring the Force to the full 300, was authorized. The three additional Troops left Toronto in the late spring of 1874. The westward journey was made by train, through Chicago and St. Paul, to a point in North Dakota, a few miles below the Manitoba Boundary, and, upon crossing the line, the new arrivals were joined by those who had wintered at the "Stone Fort".

*The Great March.*—On July 8th, 1874, the entire Force of six Troops struck westward from the little settlement of Dufferin on the Red River, the headquarters of the Boundary Commission. As nearly as possible, the boundary was to be roughly paralleled at a reasonable distance, the chief objective being the forks of the Bow and Belly Rivers in the land of the Blackfeet. Reports had it that the whisky traders from the Missouri occupied a main establishment in that area, grimly termed "Fort Whoop-Up", and that the most diabolical orgies arising from the liquor traffic were rampant in the Indian camps.

Day after day, the travel-worn cavalcade, accompanied by ox-carts, wagons, cattle for slaughter, several field pieces and mortars, mowing

machines, and other equipment, faced new difficulties with stout hearts. Readiness to make the best of every situation soon became an essential part of duty. The long grind from the Red River left its impress on the little army, but the first rough experiences disclosed a stamina and endurance that augured well. The junction of the Bow and Belly Rivers was finally reached, but Fort Whoop-Up could not be found; and, with provisions all but exhausted, with horses, oxen and beef cattle reduced in numbers, the red-coated troopers after more than two months of hard travel turned southward, through immense herds of buffalo, to the Sweet Grass Hills near the boundary.

Being now within easy access of the big supply centre of Fort Benton on the Upper Missouri, the Commissioner and Assistant-Commissioner, leaving the Force encamped, proceeded southward to purchase supplies and horses. Meantime, arrangements had been made for the construction of a headquarters barracks on the Swan River, near the Hudson's Bay Company post of Fort Pelly, far to the northeast. Upon return to the Sweet Grass, the Commissioner set out with "D" and "E" Troops for Swan River. He found the barracks incomplete, and, leaving an officer and a Troop in charge, returned for the winter to Dufferin (later Emerson), the starting point of four months earlier. A round trip of 1,959 miles had been achieved without the loss of a single man. Meantime, under the command of the Assistant-Commissioner, and guided by an efficient, half-Piegian plainsman picked up at Fort Benton, "B", "C", and "F" Troops pushed northward, through a country teeming with buffalo, to a site on the Old Man's River near the foothills of the Rockies. On the way the now deserted Fort Whoop-Up was located. By mid-October the improvised buildings of Fort Macleod—the first outpost of constituted authority in the farthest west—had been hastily begun, and, a fortnight later, "A" Troop, which had branched northward from a point something less than midway of the main line of march, had found temporary quarters in Fort Edmonton, the principal Hudson's Bay Company post on the North Saskatchewan.

The 150 men at Macleod, were completely isolated and without hope of reinforcements in case of need. The inexperience of the command, the unknown strength and disposition of surrounding Indians, and the lawless activities of border freebooters, involved possibilities of danger.

*The Formative Period.*—While preparations for winter were being rushed forward under extraordinary difficulty no opportunity was lost to disperse or bring to account the hardened vendors of "firewater", nor to introduce civilized procedure and authority among Indians and freebooters alike. Even after the first few months, Blackfeet, Bloods, Piegiens, Sarcees—the entire Blackfeet Confederacy—as well as Crees, Assiniboines, and Saulteaux, were not slow to sense the meaning of the scarlet tunic. In due course, *Maintiens le Droit*—the motto of the Force—was to become a recognized axiom of the plains; to "uphold the right", an open passport to security.

Native chiefs visited the Force, first in curiosity, afterwards in full confidence of Canada's intentions. Barbarity and civilization met on common ground; and when at last the tall, lithe figure of Crowfoot, the great Ogemah of the Blackfeet and the head of the Confederacy, rode up with



impressive dignity, the stage was set. He advanced and cordially shook hands. On that day, Canada safely launched her ship of state upon the broad prairie ocean of the West!

By 1875, the Force had become firmly planted. The bordermen responsible for the Assiniboine massacre in the Cypress Hills in the spring of '73 were rounded up for trial and, close to the scene of their murderous revenge, 160 miles east of Macleod, Fort Walsh was built and was soon as busily occupied as the parent post. In the north, Fort Saskatchewan was erected, 19 miles from Fort Edmonton; and Fort Calgary appeared at the junction of the Bow and Elbow Rivers, midway between Edmonton and Macleod. The Commissioner and headquarters staff had moved, with the coming of spring, to Swan River, having established several subordinate posts towards the east, in communication with Winnipeg, from whence a telegraph line was being built.

It is noteworthy that, in marked contrast to the usual methods in the taming of the West, there had been no tendency towards strong-arm methods; no swaggering; only a steady, persistent endeavour to make law-abiding citizens of both White men and natives.

**The Period of Widening Activities.**—In the first twelve months of the existence of the Force, though many intermittent disruptions and countless floutings of the law were inevitable, the conviction had taken root that the restraining influence of the North West Mounted would be unyielding. However, there still smouldered among many of the native-born the thought that all had not been for the best and several flare-ups occurred. In the summer of 1875, rumours spread that a separate government was in contemplation among the French halfbreeds near the Hudson's Bay post of Fort Carlton on the Saskatchewan, just at a time when the commanding officer of the Canadian Militia was setting out from Winnipeg on a tour of inspection, particularly of the Force. An escort of Police, consisting of the Commissioner and 50 troopers, accompanied the commandant from Swan River, and, upon their arrival at the scene of the threatened disaffection, the authority of the Crown was at once made apparent, and the rumours died away. The Militia commander proceeded westward, visited Fort Saskatchewan, and turned southward to Fort Macleod, escorted by Police. Near the latter place he held council with several hundred Blackfeet under Chief Crowfoot, who expressed great satisfaction with the sudden transformation. Subsequently, the Commandant of Militia reported: "Too much value cannot be attached to the North West Police; too much attention cannot be paid to their efficiency".

**The Influx of the Sioux.**—In 1876 the Sioux, the most powerful tribe in all the northwestern States, appealed to the Blackfeet to cross the border and join them in warfare against the U.S. cavalry regiments. There was promise of booty and a prediction that the combined forces would later turn northward to wipe out the Mounted Police and all White settlers. Though persistently repeated, the request was spurned, with the rejoinder that the Blackfeet were on friendly terms with the red-coats and the "Great White Mother". The Sioux threatened to invade the Blackfeet in retaliation for their curt rejection, but Crowfoot was informed that in such an event the Mounted Police would fight to protect his realm. Hearing of the dignified old warrior's loyalty, Queen Victoria forwarded her grateful thanks to him.

Soon afterwards, the most ghastly clash between White men and Red in all the history of the West stirred the civilized and Indian worlds.

Beginning with the Minnesota Indian War, in 1862, hostilities had been incessant between the Sioux and the U.S. army over a wide extent of the trans-Mississippi plains. In June, 1876, this bitter warfare culminated on the Little Big Horn River, 300 miles south of the Cypress Hills. Probably the largest Indian camp ever assembled on the American continent resulted. It was made up almost entirely of Sioux, under the leadership of the already renowned medicine man and necromancer Sitting Bull and the able war chiefs Crow King, Crazy Horse, and Gall. Treaties had been disregarded by a feverish White invasion from the East, especially in the Black Hills of Dakota where gold had been discovered. The Sioux, driven this way and that and thrown on the defensive, had decided upon a stand. As a result a fine military organization and one of the most picturesque and courageous officers—Major-General George A. Custer, of the 7th U.S. Cavalry—were needlessly sacrificed, being wiped out to the last man. A nation's indignation was stirred to the depths, and the Sioux, now scattered to the winds, turned northward for refuge, the first band of fugitives crossing the International Boundary to pitch their lodges 100 miles southeast of Fort Walsh on Canadian soil.

A supreme test now confronted the Force. On the one hand, officers and men were continually called upon to pacify the Canadian Indians and prevent a junction with the newcomers; on the other, to prevent the Sioux from spreading to the Blackfeet hunting grounds, already being seriously depleted of buffalo. The climax of a difficult position came with the arrival of Sitting Bull himself and his more immediate following, resulting in a total of Indians from the United States in Canada of about 5,600 men, women, and children. But again, the loyalty of Crowfoot, coupled with a tireless and tactful handling of the situation, saved the day.

Several months before the coming of the Sioux, Lieut.-Col. J. F. Macleod, the Assistant-Commissioner, had been appointed to succeed Lieut.-Col. French, resigned; and, owing to the general unrest along the border and immediately south of the line, the precaution was taken to increase the active strength of Forts Macleod and Walsh by the transfer of a hundred men from the northern posts. Fort Macleod now became the headquarters. Upon 214 officers and men depended the security of life and property along hundreds of miles of wild and treacherous boundary.

From Fort Walsh and a sub-post at Wood Mountain, near the camp of the Sioux wanderers, the utmost vigilance was maintained. Warnings were given Sitting Bull and his following that the law must be adhered to during their sojourn in Canada. Meanwhile, governments were intensely occupied in an attempt to smooth out the difficulties. U.S. commissioners visited Fort Walsh to negotiate with Sitting Bull for his peaceful return to his own soil, but, to the chagrin and disappointment of the officers on both sides, his words belied any immediate possibility of the desired result.

Four powerful and influential elements now held the stage in and about the region of the Canadian plains—the Hudson's Bay Company along the north, the Sioux under Sitting Bull near the International Boundary, the Blackfeet Confederacy towards the west, and the North West Mounted Police everywhere. With the disposal of Rupert's Land

to the Crown, the great trading corporation had ceased to occupy a position of authority; the Sioux were merely undesirable visitors, who, it was hoped, would soon be prevailed upon to return to the south; and, though the White man's code had, to a marked degree and in a mutually amicable manner, become the pattern of future Indian life, the Confederacy still held the country bordering the foothills. The aim of the Mounted Police was to reach a legal and lasting understanding with Crowfoot and to unburden the country of Sioux aliens.

Shortly after the establishment of Manitoba, treaties had been entered into with the Indians adjacent to the Red River; and, in 1876, the way having been paved by the Force, the Crees, Assiniboines, and Saulteaux had surrendered large portions of territory, leaving about 50,000 square miles, occupied by the Blackfeet, Bloods, Piegans, and Sarcees, to be dealt with. The Government, early in 1877, decided that there should be no further delay in bringing the entire country within the legal scope of the administration. The Lieutenant-Governor of the Northwest Territories and the Commissioner of the North West Mounted Police were nominated to enter into negotiations with Crowfoot and his brother chiefs. A great ceremony took place at the Blackfeet Crossing, on the Bow River, east of Calgary. Amidst this last great assemblage of barbaric splendour, details were completed bearing upon the most important Indian treaty in Canadian annals. After signatures had been affixed by the representatives of the Government and the Indian dignitaries, Chief Crowfoot testified in the following words to the belief and faith his people had in the Mounted Police: "The advice given me and my people has proved to be very good. If the Police had not come to this country where would we all be now? Bad men and whisky were killing us so fast that very few of us would have been left to-day. The Police have protected us as the feathers of the bird protect it from the frosts of winter".

With the signing of this treaty, complete sovereignty of the Canadian West passed to the Dominion Government.

**The Coming of the Settlers.**—That part of western transition from buffalo ponies to ploughshares was carried out almost wholly under Mounted Police surveillance and guidance; and, on the plains, the laws of the Dominion, or, as the Indians so often termed them, "the words of the Great White Mother", were now almost entirely administered by the Police from Manitoba to the Rockies. In countless ways, the red-coated riders performed their duties with great versatility. There were prairie fires to be battled with; smuggling, especially of whisky, to forestall; customs dues to be collected; victims of winter blizzards to be succored; starvation and other forms of privation to be overcome; illnesses and accidents innumerable to be allayed; weddings and funerals to be arranged, mails to be carried; insane persons to be taken in; lost travellers to be found; stolen stock to be returned to rightful owners; cattle- and horse-thieves, gamblers, murderers—all who participated in major crimes—to be run down; and, as settlement spread, mining, lumber, and railroad construction camps to be kept under strict observation.

In 1879, Fort Walsh became the headquarters of the Force, and no more picturesque pages appear in western history than those which, for the next few years, portray the change from the old order to the new in



and about Cypress Hills. By no means the least onerous duty at Fort Walsh was to see that Sitting Bull's Sioux did not use Canada as a base of operations against a friendly country, where an almost continuous condition of Indian warfare prevailed.

In 1880, Commissioner Macleod, whose name had become a byword as that of a remarkably fair and fearless administrator, became Stipendiary Magistrate for the Northwest Territories, and Lieut.-Col. A. G. Irvine, the Assistant-Commissioner, was elevated to the command of the Force. Incidentally, about this time, the term "Troop" gradually gave way to "Division". The following year was marked by two outstanding events. The Marquis of Lorne, Governor General of Canada, escorted by Mounted Police, made a tour of the Northwest. He proceeded from the head of the C.P.R. at Portage la Prairie, via the northerly posts, to Calgary and Macleod and southward to Montana; and, through the efforts of the Police and, not the least, by the sagacity of a prominent French-Canadian trader in the Wood Mountain country, the Sioux were prevailed upon to surrender to the U.S. authorities. Following the latter achievement, the border posts of Macleod and Walsh gradually became less important, and it devolved upon the Force to move the various Indians to allotted reserves, well away from the boundary. The building of the C.P.R. was forging ahead, and the Commissioner advised the Government to arrange for permanent headquarters on the line of steel at a more central site. An increase in the personnel of the Force was also urged. Accordingly, late in 1882, a new headquarters post was under construction near the Pile of Bones Creek, on the C.P.R., at a point henceforth to be called Regina, and soon afterwards the activities of Fort Walsh were transferred northward to Maple Creek, also on the transcontinental track. The same year, the Northwest Territories was reorganized into the Provisional Districts of Alberta, Assiniboia, Athabasca, and Saskatchewan. The strength of the Force was increased from 300 to 500, and an important innovation, a training depot for recruits was established at Winnipeg (later transferred to Regina).

**The Railway Building Period.**—The building of the railway across the plains created a problem. The coming of some 4,000 labourers, many of rough character, created much ill-feeling among the Indians. There were strikes among railway labourers to be settled but, to the credit of the Force, general order prevailed. Red-coats were even called upon to act as railway mail-clerks. Newcomers were met by a strong, efficient, and helpful administration. At Macleod, Calgary, Edmonton, Maple Creek, Battleford, Regina, and other points, villages and towns were developing, and the need for enforcement of law and order became greater and more difficult. Save for a few stragglers here and there, the buffalo had by this time been wiped out, causing extreme suffering among the plains Indians, and, to maintain a semblance of peace, the mounted men were called upon to perform almost superhuman tasks.

Within a brief period of ten years the tenets of law and order had been firmly rooted; the Last Great West was won by patience and forbearance coupled with co-operation. Less than ten cycles of the seasons, crammed with frontier energy, had altered the whole aspect of life upon the plains. Here and there the ranch house and corral had appeared. On virgin

Their Majesties' Reception  
by  
The Indian Tribes of Western Canada

*ROYAL CANADIAN MOUNTED POLICE*







COPYRIGHT  
OLIVER, CALGARY.

THEIR MAJESTIES, KING GEORGE VI AND QUEEN ELIZABETH, ESCORTED BY THE ROYAL CANADIAN MOUNTED POLICE, BEING RECEIVED AT CALGARY, ON THE TRADITIONAL BUFFALO ROBE, BY THE CHIEFS AND MEMBERS OF THE BLACKFOOT, STONY, SARCEE, BLOOD AND PEIGAN INDIAN TRIBES OF SOUTHERN ALBERTA, MAY, 1939.

*Courtesy, Calgary Exhibition and Stampede, and Mr. D. J. Oliver, Calgary.*



meadows, strewn with bleaching skulls, domestic cattle now followed time-worn trails. Far and wide, the red-coated corporal and the picturesque cowboy came and went. Flat-bottomed steamers worked the larger rivers. A pioneer railway had spanned the plains with a ribbon of steel and was penetrating the mountains; and wires carried tidings from the outside world.

**The North-West Rebellion.**—After the once-dominant Blackfeet Confederacy accepted the White man's mode of life things moved smoothly for a time though, with the disappearance of their inherent means of livelihood, the transition from the untrammelled life of the buffalo pastures to the distasteful restrictions of the settlements and reservations was hard on Indians and Halfbreeds. Famine had at times stalked among the native camps, attended by rampant theft and cattle-killing; rations of beef and flour had served to stay many a warlike outbreak. Along the north, Crees and Assiniboines had become restive. Halfbreeds on the Saskatchewan, as on a former occasion on the Red River, resented the invasion of their territory by Easterners. Soon, there were rumblings of an approaching storm.

In the early summer of 1884 the detachment at Battleford first gave warning that the Halfbreeds of the district were demanding redress of alleged grievances. Later, it was reported that the leader of earlier Red River troubles had appeared on the scene and that meetings had been held in the settlements of Prince Albert and Duck Lake. The unrest became intensified throughout the summer and autumn of 1884. The Crees, under Chiefs Poundmaker and Big Bear, became doubly aggressive. A small Police detachment at Prince Albert, an outpost of Battleford, was increased to 21 men. Indignation meetings continued throughout the following winter. The little Police outpost at Duck Lake reported that serious trouble was inevitable. It was learned that the Halfbreeds had invited several bands of Cree Indians to meet at Duck Lake in the spring of 1885. A Cree chief visited the Blackfeet with exaggerated promises of great reward should the Confederacy see eye to eye with the Crees and Halfbreeds. On the 13th of March, 1885, Battleford reported that a rebellion was likely to break out at any moment; that the northern detachments must be reinforced; and that the Indians would join the Halfbreeds. Commissioner Irvine, at Regina, received orders to proceed northward with all available men. Accompanied by four officers, 86 non-commissioned officers and men, and 66 horses—a small force against hundreds of disgruntled natives—he made a forced march in bitter weather. Adroitly slipping past the insurgent outposts, the column reached Prince Albert, learning on the way that looting had begun, and that attacks on Prince Albert and Fort Carlton were imminent. Hastening to Fort Carlton, Irvine learned that hostilities had started. There had been a severe clash near Duck Lake between the Police, who had been joined by some Prince Albert volunteers, and a large body of Halfbreeds and Indians. In the face of overwhelming numbers, the Police had been thrown back with loss of life, and from then on the "North-West Rebellion" was in full swing. On the following day, the 27th of March, every town, city, and hamlet in Canada, from coast to coast, was aroused by the news. A call to arms was made and for several months the Force bore a difficult and ever-ready part, in conjunction with regiments from both Eastern and Western



Canada. The Blackfeet remained loyal to the last, and, with the defeat of the rebels and the capture of the principal instigators, the rebellion came to an end. The Mounted Police, who had acted conspicuously throughout, reassumed responsibility for law and order and general jurisdiction across the West. To meet the demands upon it, the Force was increased to 10 Divisions and a strength of 1,000 rank and file, distributed at Regina, Maple Creek, Medicine Hat, Swift Current, Moose Jaw, Broadview, Moosomin, Whitewood, Fort Qu'Appelle, Moose Mountain, Shoal Lake, Prince Albert, Calgary, Battleford, Lethbridge, Edmonton, Fort Saskatchewan, Fort Macleod, and Chief Mountain. No portion of the plains remained beyond the reach of the law, and, to assist in encompassing isolated and distant tracts, a number of Indians and Halfbreeds were employed as trailers and scouts. Shortly after the completion of the C.P.R. (1885), Commissioner Irvine resigned and Col. Lawrence W. Herchmer was appointed in his place.

Rapid change and development followed. Immigration increased; new settlements and mushroom villages sprang up; wheat-farming augmented the cattle industry. Healing of scars remaining from the rebellion involved no small part of the work of the Force, and systematized patrols were inaugurated, radiating from strategically established detachments or sub-posts. Many Indians turned to farming and ranching under Government instructors, but the young braves of the Confederacy displayed a preference for their inherent practice of horse stealing and cattle 'rustling'. Everything was done to help, direct, and influence the multiplying citizenry of the plains. In the autumn of 1885, the Governor General, Lord Lansdowne, made a hurried trip from post to post under Police escort, visiting the Blackfeet and Blood Reserves, meeting the chiefs in friendly council.

**Expansion Between 1885-95.**—This decade witnessed a great extension of activities. A patrol was stationed in southern Manitoba; another was stationed near the foot of Lake Winnipeg; while, over the mountains, in response to complaints that the Kootenay Indians were opposing miners and settlers coming in over the Walla Walla Trail, Fort Steele was erected. During this period, two successive Governors General, Lord Stanley and the Earl of Aberdeen, visited the plains under Police escort. Branch railways had begun to appear. The entire West was settling down to a more prosaic, if more varied, form of life. So successfully and completely had the Force assumed control, the strength was gradually reduced to approximately 800 men in 1894.

Soon the north began to come within the orbit of the Force. An outpost was established at Cumberland House, 200 miles down the Saskatchewan River from Prince Albert, and patrols were made into the Peace River country and along the Mackenzie River, far north of Edmonton. In the spring of 1895, the taking of a census throughout the plains was entrusted to the Police; Assiniboia, Saskatchewan, and Alberta combined showed 65,873 Whites and 7,633 Halfbreeds. This year, and the one following, gave ample indications that there was still much to be done on the plains before the Indians could be permanently regarded as peaceful wards of the nation.

**The Yukon Gold Rush.**—In 1895, the vanguard of what was to be a feverish stampede of miners and prospectors to the Yukon goldfields

had set in; it became obvious that some form of police control was necessary. Leaving Regina, a detachment of 20 selected officers and men struck for the north and after 4,800 miles of travel by steamer up the Pacific Coast and the Yukon River, Fort Cudahy, a trading post at Forty Mile Creek, which then became the most northerly military outpost in the British Empire, was reached. Soon there followed one of the greatest gold rushes in the history of the world, chiefly headed for Bonanza Creek, a fabulously rich placer. Amidst a conglomeration of all classes of people, infested with criminal gangs, the little force of red-coats struggled to maintain order. Stirring incidents followed one upon another, but, owing to strict vigilance and activity, murders and other major offences were surprisingly few.

One of the outstanding chapters in the records of the Force had begun—an epic that called for the utmost in courage and determination.

The gold strike in Yukon drew thousands of adventurers from Canada and the United States; a veritable hegira crowded the approaches and mountain passes. By the close of 1897, the Police detachments in the area embraced 8 officers and 88 men, including dog-drivers. Detachments were placed on the Chilcoot and White Horse Passes on the Alaskan Boundary, though the line was of doubtful location; and a patrol went overland from Edmonton, taking a year to negotiate 1,600 miles of forest and mountain country to reach the goldfields. A Yukon judicial district was established, and the Force was increased until, in 1898, there were 12 officers and 254 men doing duty in the district, despite the fact that the personnel of the Force had fallen to less than 700. In addition, patrols were out in the wilderness of the Peace River and Athabasca countries. The Commissioner was forced to ask for an increase of 100 men, which was granted; and, while the most intensive activity was underway in the north, a detachment of 32, with 27 horses, was participating in London in a great procession in celebration of Queen Victoria's Jubilee.

Headquarters for the Yukon District was now Dawson City, at the forks of the Klondyke and Yukon Rivers. Skagway, on the United States side of the Yukon-Alaskan Boundary, had earned the title of "the roughest place on earth", the hang-out of the notorious "Soapy" Smith and his following of some 150 ruffians. Dyea was no better, and Sheep Camp, at the foot of the Chilcoot Pass, seethed with robbery and murder. But, in the face of the most exacting conditions, the Police prevailed, often carrying their operations across the Boundary with the tacit approval of the U.S. authorities. In 1898 Yukon was constituted a separate territory by Act of Parliament, under a Commissioner and Council of 6 members, and, realizing that a tremendous task had fallen to the Police, the Government sent a special force of 200 men—drawn from the permanent soldiery of Canada—to assist until conditions improved. The population had reached approximately 20,000. The duty of carrying the mails to the scattered gold camps was undertaken by the Police, 64,000 miles being covered in a single year in the performance of this service. Meantime, patrols, introducing boats and hauling dogs, branched out to Peace River, Lesser Slave Lake, Fort Resolution, and Fort Simpson. The end of the year found 830 of all ranks in the Force.

**The Modern Period.**—In 1899, the South African War broke out, and 245 members of the Force who were granted leave of absence enlisted in the 2nd Canadian Mounted Rifles and the Strathcona Horse. Many honours were bestowed and for the first time the Victoria Cross found its way to the red-coated men of the West. Upon return, not a few seasoned westerners retired, among these Colonel Herchmer, who had commanded the Rifles and who relinquished the Commissionership, to be succeeded by Superintendent A. Bowen Perry.

Following the War, settlers streamed westward. Within a short time 300,000, most of whom were inexperienced, were to take up prairie homesteads. The annals attest to the adventure, hardship and dogged perseverance undergone by the "Riders of the Plains".

The modern era had begun. Events followed upon events to add in flaming colours to the part already performed in the building up of the Dominion and broaden still further the field of usefulness of the Force. In 1901, the Earl and Countess of Minto made an extended journey through the West, escorts and arrangements being furnished by the Force; a Yukon Census was taken, showing over 16,000 Whites; the Duke and Duchess of Cornwall and York visited Canada on a world-wide tour, and red-coated officers and men were constantly in attendance; again the Yukon strength was increased—to about 300. In remote portions of the north, the work was extending the sphere of contact with the wilderness. By 1903, several posts were opened in the sub-Arctics, including Cape Fullerton, McPherson, and Herschel Island, the distribution now extending from the International Boundary to the Polar Sea and from Hudson Bay to the Alaskan Border. With the succeeding years, the duties became ever more onerous. The records display a splendid, if at times tragic, devotion to duty, as in the case of the following brief scrawl found in the scarlet tunic of a young constable who had perished in carrying despatches over a difficult country through a murderous winter storm: "Lost, horse dead. Am trying to push ahead. Have done my best". The profound respect for the Police that had grown up with the years received official recognition in 1904, when the prefix "Royal" was bestowed by King Edward VII to mark the brilliant and steadfast services rendered; the Earl of Minto became the first Honorary Commissioner.

At this time there were 8 Divisions, each with a headquarters post, embracing 84 detachments. The work was widely scattered, for there were now 350,000 people in the entire field of operations. British rights to the Arctic Archipelago were transferred to Canada in 1880 and, early in the twentieth century, whalers and Eskimos in Hudson Bay and the Arctic had made the acquaintance of the Mounted Police. In 1905, the Provinces of Saskatchewan and Alberta were created to form with Manitoba a triple division of the plains; but the Force continued its duties with the Provincial Governments sharing in the cost. The Mounted Police had virtually raised the new provinces from infancy to manhood. This year, the customary tour by the Governor General brought Lord and Lady Grey to the West, and the Police provided escorts and made pre-arrangements. As an evidence of the distances patrols often had to travel at this time in order to establish Canadian jurisdiction and become familiar with conditions of life, the following is related from the records: An Inspector, with



a Corporal and three Constables, leaving Fort Saskatchewan on a morning in early June, 1908, headed northward to Fort Resolution on Great Slave Lake, crossed the vast, unfriendly wilderness to Hudson Bay, employed Eskimo dogs to Churchill, and eventually reached Lake Winnipeg in the following spring, a distance travelled of 3,347 miles.

In 1911, Canada's red-coated troopers were the cynosure of millions of eager eyes as, with their matchless horses, they shared in the Guard of Honour at the Coronation of His Majesty, King George V, in London. The activity of the Force still grew apace; the perpetrators of 44 murders were confronted, within a period of 12 months, by the Nemesis of the law, and the Commissioner pleaded for more men. The call was promptly met, and, with the total strength, all ranks, at 763, two new detachments were established in Yukon, two in the Mackenzie River District, one on Hudson Bay and twenty at various other locations.

**The War of 1914-18.**—The energies of a splendid organization now crowd the records.

Early in the War period the strength was increased to 1,268, but later the personnel fell to 929. In 1916, several hundred ex-members of the Force were enrolled in the Army for duties abroad, some having completed their service as policemen or having purchased their discharge. This left the strength well below the authorized number. In 1917, the Force was relieved of many of its duties in Saskatchewan, Alberta, and northern Manitoba, in order to give more effective attention to 1,900 miles of International Boundary, as well as to centre attention on the alien population. The strength was allowed to fall to 656, but despite this reduction, 26,356 patrols covering more than 800,000 miles were made. Intensive work was being done in the north and marvellous travelling under most difficult conditions was being carried on at a time when British Armies were making a desperate stand in France. So general had been the desire among the men to enlist for overseas service, it became necessary for the Prime Minister to point out that the organization was even more essential than ever. It was not until 1918 that the Government consented to the Police leaving for active service, when what was termed "A" Squadron embarked for France and "B" Squadron went to Siberia. But so heavy were the demands on the Force that, in spite of the recruiting of several hundred additional men, the strength fell to 303—practically down to the number of the "Originals" who had struck across the plains in 1874. The Government then resolved upon a new and permanent establishment, an extension of jurisdiction, and a strength of 1,200. In this year the Force's operations were extended to British Columbia.

**The Post War Years.**—Immediately following the War, a general strike broke out in Winnipeg, but after much disruption of services and street fighting, it was terminated by the Mounted Police. The Force extended its field to cover the whole of Canada in 1919, and, in 1920, provision was made for the absorption of the Dominion Police at Ottawa, the transference of headquarters from Regina to Ottawa, and a change in the title to "Royal Canadian Mounted Police"; H.R.H. the Prince of Wales became the Honorary Commandant. At this time, the Force entered a new

territory, east of Hudson Bay, to be followed by the establishment in 1921 of a detachment at Port Burwell on an island in Hudson Strait and at Pond Inlet in the eastern Arctic.

In 1921 the Force entered the anti-narcotic campaign, and travel by aeroplane was first used. In 1922, Major-General Bowen Perry retired from the office of Commissioner, and the post fell to Lieut.-Col. Cortlandt Starnes. At the 50th anniversary of the Force in 1923 the strength was 1,148. The same year, a detachment was established at Craig Harbour in Ellesmere Land—the nearest British post to the North Pole; the location of other detachments followed throughout the North. Famous Arctic patrols that added to the lustre of the history of the Mounted Police were made in 1923-24. A 'farthest' post was established on Bache Peninsula in the remote North. Like the Red man of the Plains, the Eskimo has accepted the firm but co-operative hand of authority. Patrols entered Coronation Gulf and the Anderson River in the Arctic in 1929-30.

In 1931, Major-General (later, Sir) James H. MacBrien became Commissioner, and under his leadership the Force was fully modernized. In the Provinces of Alberta, Manitoba, New Brunswick, Nova Scotia, and Prince Edward Island the Provincial Police were replaced by the R.C.M.P.; and the duties of the Preventive Service of the Department of National Revenue were transferred, in 1932, to the Dominion-wide body. During this period, Assistant Commissioner Stuart Taylor Wood established a Mounted Police Museum at Regina; under his guidance, the first copy of the R.C.M.P. *Gazette* appeared, to be continued from that time forward.

From 1932-34 the Marine Section had become a constituent part of the Force in connection with the Preventive Service; co-operation was begun with the United States Coast Guard, and an intensive war against smuggling of all kinds was waged, including curtailment of opium and other narcotics traffic on the Pacific Coast. The Finger Print Section, which had been inaugurated under Colonel Sir Percy Sherwood (the Commissioner of the former Dominion Police) was enlarged at Ottawa, and extended elsewhere. In the course of law-enforcement and other duties, Police motor cars covered 7,000,000 miles in 1936. The year 1937 saw a Scientific Laboratory established at Regina and, two years later, a similar one at Ottawa (Rockcliffe). To offset smuggling on the Atlantic Coast, two new fast cruisers, the *Macdonald* and the *Laurier*, were constructed and put into operation. A picked detachment, under Assistant Commissioner Wood, represented the Force at the Coronation of King George VI and Queen Elizabeth in 1937. The Governor General, Lord Tweedsmuir, travelling under Police guidance and protection, visited the Arctic in the same year. In 1938, on the death of Sir James MacBrien, the Assistant Commissioner, Brigadier S. T. Wood, was appointed to the command.

It was a fitting climax that, after sixty-five years of remarkable service, the Mounted Police should participate in the first visit of British sovereignty to Canada. In 1939 the Royal Tour of King George and Queen Elizabeth was outstanding and, thanks to the R.C.M.P., and the presence of the Commissioner and escort on the Royal Train throughout the entire trans-Canada tour, a remarkable freedom attended the Royal couple.

**The Force To-day.**—The territory under direct supervision of the Force is now as large as the whole of Europe. Its multitudinous duties have been outlined briefly: their scope involves operations by land, sea, and air. Posts exist at all interior strategic points, with divisional headquarters in the larger cities. Except in British Columbia, Ontario and Quebec, there are no Provincial Police, the work being carried out by the R.C.M.P. The Marine Section is located chiefly in the Maritimes. Before its transfer to the Department of National Revenue on the outbreak of war in September, 1939, it operated about 30 vessels, as well as several on the Pacific Coast. The pioneer of the fleet is the *St. Roch*, on duty at present (December, 1940) north of the Arctic Circle. Although a civil force, the R.C.M.P. is drilled as a military organization, and the period of training, which is intensive, is not less than six months.

The erection of Training Colleges at Regina and Ottawa during the course of the past few years has changed the entire outlook of the personnel of the Force in dealing with crime. This can be seen from the Commissioner's Annual Report and from the up-to-date methods used in the prevention and detection of crime. Here again, the Force has kept abreast the times, and throws open to all police forces throughout the Dominion the courses of instruction and training given at the Colleges previously mentioned. It has further enhanced its usefulness to all Canadian police forces by circulating, free of charge, weekly, the R.C.M.P. *Gazette*, which not only gives up-to-date information regarding persons wanted, etc., but includes instructive articles on the many phases of police work.

The guidon of the Force bears "North West Canada, 1885", "South Africa, 1900-02", "France and Flanders, 1918", and "Siberia, 1918-19". Since the outbreak of war in September, 1939, authority has been granted the Commissioner to re-engage 500 ex-members of the Force and 2,500 special constables, if required, and the guarding of vulnerable points throughout the Dominion now rests upon the Canadian Militia and the R.C.M.P. The Force has furnished one Provost Company, comprising approximately 120 men, to the Canadian Active Service Force, and this unit is already with the First Division in England. From a combined strength of 300 in 1873, the Force has now grown to a little under 4,000.

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## CHAPTER I

### Population and Vital Statistics

#### Population

The present population of the earth is estimated at approximately 2,000,000,000.\* The British Empire, which covers slightly less than one-quarter of the land area of the earth, has an estimated population of 500,870,000 or slightly less than one-quarter of the world's population. Canada, which occupies over one-quarter of the area of the British Empire, has an estimated population of 11,422,000 or only about one forty-fifth of the Empire population. The latest official estimates of population of other British countries are: the British Isles, 50,422,000 (1938); Union of South Africa, 10,160,000 (1939); Australia, 6,930,000 (1938); New Zealand, 1,604,000 (1938); India, 359,186,000 (1937). While there is no absolute standard for population density, so much depending on extent of resources, the rate of increase in productivity of land as a result of invention, etc., a certain minimum density is desirable.

**Growth of the Canadian Population.**—The general rate of population increase in Canada in the opening decade of the present century was 34 p.c., the greatest for that decade of any country in the world. In the second decade the rate was 22 p.c., again the greatest, with the one exception of Australia where growth was greater by a fraction of 1 p.c. A century earlier the United States grew 35 p.c. decade by decade until 1860, but with this exception there has been no recorded example of more rapid population growth than that of Canada in the early decades of the

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\* The Statistical Year Book of the League of Nations, 1938-39, gives the population of the world as 2,125,000,000 not including estimates of certain populations, chiefly in Asia and Africa, where censuses are incomplete or do not exist.

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The City of Saskatoon, Sask.

*Courtesy, Department of National Defence*



twentieth century. In 1871, only 2·97 p.c. of the population dwelt west of Lake of the Woods. In 1921 the proportion was 28·37 p.c. and in 1931, 29·51 p.c.—3,061,745 compared with 110,000 at Confederation.

### Populations of Canada, Census Years 1871-1936

Province	1871	1881	1891	1901	1911	1921	1931	1936 <sup>1</sup>
P.E.I.....	94,021	108,891	109,078	103,259	93,728	88,615	88,038	-
N.S.....	387,800	440,572	450,396	459,574	492,338	523,837	512,846	-
N.B.....	285,594	321,233	321,263	331,120	351,889	387,876	408,219	-
Que.....	1,191,516	1,359,027	1,488,535	1,648,898	2,005,776	2,360,665 <sup>2</sup>	2,874,255	-
Ont.....	1,620,851	1,926,922	2,114,321	2,182,947	2,527,292	2,933,662	3,431,683	-
Man.....	25,228	62,260	152,506	255,211	461,394	610,118	700,139	711,216
Sask.....	-	-	-	91,279	492,432	757,510	921,785	931,547
Alta.....	-	-	-	73,022	374,295	588,454	731,605	772,782
B.C.....	36,247	49,459	98,173	178,657	392,480	524,582	694,263	-
Yukon.....	-	-	-	27,219	8,512	4,157	4,230	-
N.W.T. <sup>3</sup> ..	48,000	56,446	98,967	20,129	6,507	7,988	9,723	-
<b>Canada</b> .....	<b>3,689,257</b>	<b>4,324,810</b>	<b>4,833,239</b>	<b>5,371,315</b>	<b>7,206,643</b>	<b>8,787,949<sup>4</sup></b>	<b>10,376,786</b>	-

<sup>1</sup> Quinquennial census figures.

<sup>2</sup> Revised in accordance with the Labrador Award of the Privy Council, Mar. 1, 1927. <sup>3</sup> The decreases shown in the population of the Northwest Territories since 1891 are due to the separation therefrom of vast areas to form Alberta, Saskatchewan, and Yukon and to extend the boundaries of Quebec, Ontario, and Manitoba.

<sup>4</sup> Includes 485 members of the Royal Canadian Navy.

**Rural and Urban Population.**—As regards rural and urban distribution, though Canada is still largely agricultural, town dwellers in 1931, for the first time, exceeded the numbers living upon the land (5,572,058 urban and 4,804,728 rural). Sixty years ago the towns and cities of Canada accounted for only 19·58 p.c. of the people (722,343 urban and 2,966,914 rural), and at the beginning of the century the percentage was but 37.

The latest final figures of population data are, of course, for 1931 and are, therefore, almost ten years old. The usual analyses of sex distribution, races, religions, and conjugal condition, etc., are, for this reason, felt to be somewhat removed from present conditions and until results are available from the 1941 Census these classifications will not appear in the Handbook.

**Estimated Populations.**—Annual figures of population are required for many purposes such as the calculation of birth, death, and marriage rates and of per capita figures of production, trade, and finance. The Dominion Bureau of Statistics estimates such figures for intercensal years.

### Estimated Populations of Canada for Intercensal Years since 1931<sup>1</sup>

Province	1932	1933	1934	1935	1936	1937	1938	1939	1940
	'000	'000	'000	'000	'000	'000	'000	'000	'000
P.E.I.....	89	89	89	89	92	93	94	95	-
Nova Scotia.....	519	522	525	527	537	542	548	554	-
New Brunswick...	413	420	425	429	435	440	445	451	-
Quebec.....	2,910	2,970	3,018	3,062	3,096	3,135	3,172	3,210	-
Ontario.....	3,475	3,564	3,629	3,673	3,689	3,711	3,731	3,752	-
Manitoba.....	709	710	711	711	711	717	720	727	-
Saskatchewan.....	933	932	932	931	931	939	941	949	-
Alberta.....	740	748	756	764	773	778	783	789	-
British Columbia..	704	712	725	735	750	751	761	774	-
Yukon.....	4	4	4	4	4	4	4	4	-
N.W.T.....	10	10	10	10	10	10	10	10	-
<b>Canada....</b>	<b>10,506</b>	<b>10,681</b>	<b>10,824</b>	<b>10,935</b>	<b>11,028</b>	<b>11,120</b>	<b>11,209</b>	<b>11,315</b>	<b>11,422<sup>1</sup></b>

<sup>1</sup> Not available by provinces.

### The National Registration of 1940

The intention of the Government to undertake a national registration of man-power was announced by the Prime Minister, the Rt. Hon. W. L. Mackenzie King, in the House of Commons on June 18, 1940, at the same time as the Government made known its intention to introduce the National Resources Mobilization Act. Certain of the immediate purposes of National Registration were indicated by Mr. King as follows:—

“The National Registration will constitute an additional precaution against ‘fifth column’ activities such as sabotage and espionage which conceivably might become more menacing as external threats grow more serious. In this way, it will add to our internal security.

“National Registration will also provide the Government with an inventory of the mechanical and industrial skill of our population. Such an inventory will prove valuable in affording additional information on the extent of our resources of skilled labour which can be drawn upon to meet the needs of essential wartime industries.”

It was emphasized that the registration had nothing whatever to do with the recruitment of men for overseas service.

On July 8, the Prime Minister announced that the Hon. J. G. Gardiner would be appointed Minister of the new Department of National War Services shortly to be established. At the same time it was indicated that the new department would be entrusted with the responsibility of conducting the National Registration.

The first decision reached in the actual conduct of the National Registration was that it should be conducted, as far as possible, on a voluntary basis. A Registrar and a Chief Assistant Registrar were appointed for each constituency, and Deputy Registrars for each Polling Subdivision. These were the only paid officials and a public appeal was made for voluntary assistance to aid in the conduct of the Registration itself. At least 200,000 people acted as voluntary Deputy Registrars.

Three days were set aside for National Registration and these days were ultimately fixed as August 19, 20, and 21, 1940.

Provision was made for registration by industries with more than one hundred employees within the industries themselves. Institutions were granted the same privilege.

The whole machinery of Registration moved into operation on the designated date, from one end of Canada to the other, without the slightest hitch, and the Registration was completed in the specified time limit. It has become clear that the Registration was a most exhaustive one and involved a complete stock-taking of all the people of Canada over the age of sixteen years, male and female, who were permanent residents of Canada, whether Canadian citizens or not.

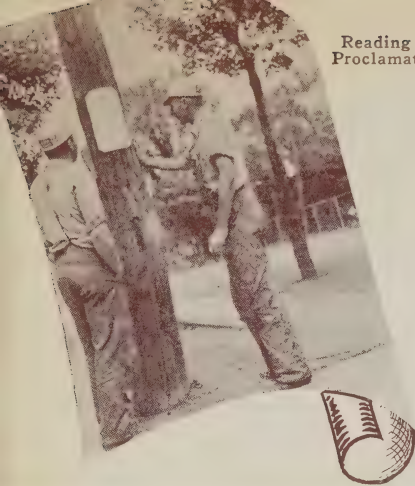
### Aboriginal Races

According to 1939 figures the aboriginal population amounts in all to little more than 1 p.c. of the total population.

*Indians.*—Indians are minors under the law and their affairs are now administered by the Indian Affairs Branch of the Department of Mines



Reading the  
Proclamation.



## NATIONAL REGISTRATION

*(See text on facing page)*



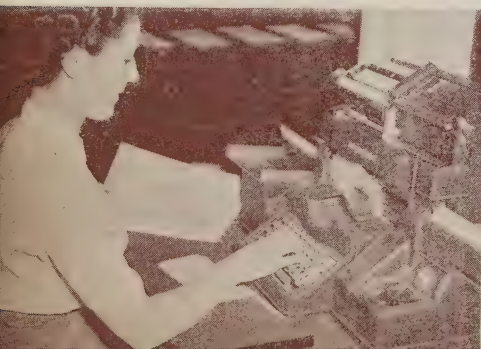
Mailing the Blank Schedules to the  
Registration Centres.

A Registration Booth.



The Completed Schedules being Sorted after  
Return to the Bureau of Statistics.

Classifying and Tabulating the Data.



and Resources under the authority of the Indian Act. Reserves have been set aside for the various bands of Indians in the Dominion since the earliest times and the Indians located thereon are under the supervision of the local agents of the Branch. The activities of the Branch, as guardians of the Indians, include the control of Indian education, the care of health, etc., the development of agriculture and other pursuits among them, the administration of their funds and legal transactions, and the general supervision of their welfare.

The Indian Act provides for the enfranchisement of Indians. When an Indian is enfranchised he ceases to be an Indian under the law. In the older provinces, where the Indians have been longer in contact with civilization, many are becoming enfranchised. Great discretion, however, is exercised by the Government in dealing with this problem. Indians who become enfranchised lose the special protection attached to their wardship, so that premature enfranchisement must be avoided.

According to the 1931 Dominion Census, the total number of Indians was 122,911 (62,943 males and 59,968 females) made up by provinces as follows: P.E.I., 233; N.S., 2,191; N.B., 1,685; Que., 12,312; Ont., 30,368; Man., 15,417; Sask., 15,268; Alta., 15,249; B.C., 24,599; Yukon, 1,543; N.W.T., 4,046. The Department of Indian Affairs made a later count of Indians in 1939 and the figure given at that date was 118,378, made up by provinces as follows: P.E.I., 274; N.S., 2,165; N.B., 1,922; Que., 14,578; Ont., 30,145; Man., 14,561; Sask., 13,020; Alta., 12,163; B.C., 24,276; Yukon, 1,550; N.W.T., 3,724.

*Eskimos.*—The Eskimos of Canada are found principally on the northern fringe of the mainland and on islands in the Arctic Archipelago and in Hudson Bay, although in the Baker Lake-Chesterfield Inlet area on the west side of Hudson Bay there are bands of Eskimos who are essentially an inland people, and subsist chiefly on caribou.

The administrative care of Eskimos outside of the organized provinces devolves upon the Lands, Parks and Forests Branch of the Department of Mines and Resources, which, by regulative measures, conserves the

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Canada's Northern Population.—A group of Lake Harbour Eskimos.

*Courtesy, Max Sauer, for the Hudson's Bay Company.*





natural resources necessary to their subsistence. To augment these resources the Branch imported in 1935 a substantial herd of reindeer. Contact with the Eskimos is maintained through permanent stations in the eastern, central, and western Arctic, at a number of which medical officers are located, and by means of the annual Canadian Eastern Arctic Patrol by steamship. Law and order in all regions in Canada inhabited by Eskimos is maintained by the Royal Canadian Mounted Police.

According to the Dominion Census of 1931, there were 5,979 Eskimos in Canada, nearly 80 p.c. of these being in the Northwest Territories. The distribution by provinces was: N.W.T., 4,670; Que., 1,159; Yukon, 85; Man., 62; and Alta., 3.

### Immigration

Total immigrants into Canada during the fiscal year 1940 numbered 16,205 as compared with 17,128 in 1939 and 15,645 in 1938.

English, Scottish, Irish, and Welsh from overseas numbered 3,566 as compared with 3,373 and 2,972 in 1939 and 1938, respectively; immigrants from the United States totalled 5,748 in 1940 as compared with 5,663 and 5,643, respectively, for the two previous years; from other countries the number was 6,891 as compared with 8,092 and 7,030.

A movement not included in the immigration statistics is that of 'returned Canadians'. These Canadian citizens are divided into three groups: (a) Canadian born; (b) British born (outside of Canada); (c) naturalized in Canada. The total for 1939-40 was 4,561 as compared with 4,571 in 1938-39.

Although tourists entering Canada are not immigrants, their admission calls for an immigration examination on the International Boundary and at ocean ports. The number of entries in this class increased from 20,898,000 for 1933-34 to 28,337,000 for 1939-40—a total much more than twice the population of the whole Dominion.

### Vital Statistics

Canada has had, since 1920, a national system of vital statistics, organized under the Dominion Bureau of Statistics and the Registrars General of the several provinces.

#### Births, Deaths, and Marriages in Canada, by Provinces

Province	Births			Deaths			Marriages		
	1939 <sup>1</sup>		1926	1939 <sup>1</sup>		1926	1939 <sup>1</sup>		1926
	No.	Rate per M	Rate per M	No.	Rate per M	Rate per M	No.	Rate per M	Rate per M
Prince Edward									
Island.....	2,114	22.3	20.1	1,122	11.8	10.3	641	6.7	5.3
Nova Scotia.....	11,800	21.3	21.3	6,321	11.4	12.4	4,993	9.0	5.6
New Brunswick...	11,259	25.0	26.1	5,075	11.3	12.6	3,726	8.3	7.4
Quebec.....	79,621	24.8	31.6	33,388	10.4	14.3	28,911	9.0	6.8
Ontario.....	64,000	17.1	21.4	37,502	10.0	11.3	34,657	9.2	7.5
Manitoba.....	13,583	18.7	22.9	6,157	8.5	8.3	7,676	10.6	7.1
Saskatchewan.....	18,019	19.0	25.2	6,018	6.3	7.4	7,307	7.7	6.7
Alberta.....	16,323	20.7	23.8	5,780	7.3	8.5	7,835	9.9	7.4
British Columbia.	12,344	15.9	16.6	7,511	9.7	9.0	7,862	10.2	7.3
<b>Canada<sup>2</sup>.....</b>	<b>229,063</b>	<b>20.3</b>	<b>24.7</b>	<b>108,874</b>	<b>9.6</b>	<b>11.4</b>	<b>103,608</b>	<b>9.2</b>	<b>7.1</b>

<sup>1</sup> Preliminary figures.

<sup>2</sup> Exclusive of Yukon and the Northwest Territories.



**Births.**—From 1926 to 1930 the number of births, though not the rate, showed an upward trend, rising from 232,750 to 243,495.

After 1930, however, the movement was reversed until 1938 when the number of births was 229,446 compared with 220,235 in 1937. Indeed the figure was higher in 1938 than it has been since 1932. There was a decrease recorded again in 1939 when the figure fell to 229,063. Because of the growing population, the rate showed a still greater drop between 1930 and 1937 of from 23·9 to 19·8 but for 1939 stood at 20·3. Extension of rural depopulation affected the decline in births during the depression.

**Deaths.**—The six chief causes of death accounted, in 1938, for well over one-half of the total deaths in Canada. Diseases of the heart considered as a group was the most important cause in this year. Cancer was second—incidentally, the death rate from this cause has advanced for almost every year from 1926 to 1939, but this trend is in a considerable measure accounted for by the ageing of the Canadian population. Third in importance as a cause of death was the group “diseases of the arteries”, which has also shown an apparent upward trend since 1926. Pneumonia was in fourth place, although up to and including 1932 this cause took precedence over diseases of the arteries. Nephritis was next and diseases of early infancy, accidental deaths, and tuberculosis sixth, seventh, and eighth.

**Infant Mortality.**—In Canada during recent years this rate has shown a substantial reduction, falling from 102 per thousand live births in 1926 to 61 in 1939. The Canadian rate, however, ranks comparatively high.

#### Infant Deaths and Death Rates in Canada

Province	Infants under One Year				Rates per 1,000 Live Births			
	1926	1937	1938	1939 <sup>1</sup>	1926	1937	1938	1939 <sup>1</sup>
Prince Edward Island.....	123	152	114	166	70	73	58	79
Nova Scotia.....	882	812	754	760	80	70	62	64
New Brunswick.....	1,095	1,072	859	892	106	101	75	79
Quebec.....	11,666	7,580	6,486	6,210	142	100	83	78
Ontario.....	5,302	3,382	3,245	2,979	78	55	49	47
Manitoba.....	1,122	826	750	752	77	64	56	55
Saskatchewan.....	1,681	1,245	941	920	81	67	52	51
Alberta.....	1,233	994	812	758	85	63	51	46
British Columbia.....	588	630	556	483	58	56	45	39
<b>Canada<sup>2</sup>.....</b>	<b>23,692</b>	<b>16,693</b>	<b>14,517</b>	<b>13,920</b>	<b>102</b>	<b>76</b>	<b>63</b>	<b>61</b>

<sup>1</sup> Preliminary figures.

<sup>2</sup> Exclusive of Yukon and the Northwest Territories.

**Natural Increase.**—Natural increase results from the difference between births and deaths. The birth rate (as indicated in the table at p. 47) is, in general, declining in Canada, although it increased in 1938. The death rate, however, is also declining though at a somewhat lower rate (1939 shows a slight rise) with the result that the rate of natural increase has been downward on the whole since 1930. The rate for 1926 was 13·3 per thousand; for 1929 it was 12·2; for 1933, 11·3; and for 1939, 10·7.

**Marriages.**—In 1929 marriages in Canada numbered 77,288. The depression exercised a marked influence on marriages and the marriage rate, causing a downward trend until 1933 when a gradual recovery commenced. This increase continued to 1939 when an abnormally large figure (103,608) was reached. The influence of the early months of the War is reflected in a comparison of the monthly figures with those of 1938, the yearly total of which stood at 88,438.

## CHAPTER II

### Survey of Production

Under the term 'production' as here used are included activities of agriculture, fishing, mining, forestry, trapping, power development, manufactures, and construction. This does not imply that many other activities such as transportation, merchandising, personal and professional services, are not also 'productive' in a broad economic sense. It is customary, however, to regard the processes involved in the creation of materials or their making over into new forms as constituting production in a special sense.

A distinction is made between *gross* and *net* production. By net production is meant the value left in producers' hands after the elimination of the value of the materials, fuel and purchased electricity, and supplies consumed in the process of production. This net figure is therefore a much better criterion of the value of an industry to the community in which it operates than the gross.

Although the trend of wholesale prices was definitely downward in 1938, the net value of production as a whole showed a recession of only 0.6 p.c. from the high level of 1937. While 1937 had been a particularly discouraging year for agriculture, the return to average crops in 1938 re-established the former relationship of the leading industries, particularly in western areas. The net value of commodities produced aggregated \$2,974,700,000 compared with \$2,992,300,000 in 1937, and was exceeded only by 1937 in the period back to 1930. Since the level of commodity prices declined from 84.5 in 1937 to 78.6 in 1938, or by 7 p.c., it is evident that, on a volume basis, production was considerably higher than in 1937.

Six of the nine main divisions of industry showed advances in 1938. The exceptions were manufactures, forestry, and trapping; in these cases external demand for such commodities as newsprint, lumber, non-ferrous metals and furs tended to cause recession in output.

Agriculture showed an improvement of 9.3 p.c. over 1937 due to lower seed and feed costs. Field crops, dairy products, fruits and vegetables, poultry, and tobacco were sold in much better volume. While grain prices naturally gave ground in the face of larger crops, the recovery staged by agriculture in Saskatchewan was particularly gratifying, a gain of no less than \$60,000,000 having been shown in the net value of agriculture for that province. The Maritime farmers also enjoyed a much better return for their labour.

Mining continued to expand and established a new record for the fourth consecutive year in the net value of its output. It should be noted that since the end of the War of 1914-18 the mining industry has tripled its annual contribution to the net value of Canada's production and indications are that this is still far from maximum output. The volume of gold production in 1938 was more than double that of 1930 and the price has shown a somewhat similar advance.

# PRIMARY PRODUCTION IN CANADA

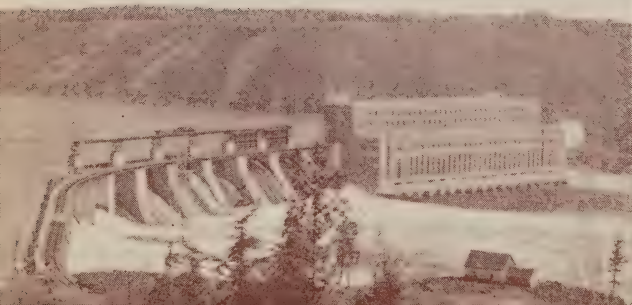
Threshing from the Stook.



Scaling Down Loose Rock from  
Roof of Scraper Slope in a  
Gold Mine.



Hauling Logs in Winter.



La Gabelle Power House,  
St. Maurice River, Que.

*Courtesy, Massey Harris Co. Ltd.,  
Canadian Government Motion Picture  
Bureau, Shawinigan Water and Power  
Company.*



# SURVEY OF PRODUCTION

The electric power industry also established a new record in 1938, showing a gain of 1 p.c. over 1937. Increased consumption by domestic users and in the mining districts more than compensated for losses in the pulp and paper, textiles, and other manufacturing industries.

Declines in the value of textile products, wood and paper, iron and steel and non-ferrous metals were responsible for the decrease of 5.3 p.c. in manufacturing operations. Decreases of 2.8 p.c. in the number of persons employed and 2.2 p.c. in the amount of salaries and wages paid were experienced.

## Value of Production in Canada, by Industries, 1937 and 1938

Industry	1937 <sup>1</sup>		1938	
	Gross	Net	Gross	Net
	\$	\$	\$	\$
Agriculture.....	1,039,492,000	678,953,000	1,062,645,000	742,020,000
Forestry.....	494,344,383	284,492,827	425,019,266	244,564,571
Fisheries.....	51,155,513	34,439,481	53,182,700	35,593,009
Trapping.....	10,477,096	10,477,096	6,572,824	6,572,824
Mining.....	662,630,976	372,796,027	653,781,836	374,415,674
Electric power.....	143,546,643	140,963,914	144,331,627	142,320,725
<b>Totals, Primary Production</b>	<b>2,401,646,611</b>	<b>1,522,122,345</b>	<b>2,345,533,253</b>	<b>1,545,486,803</b>
Construction.....	351,874,114	176,029,679	353,223,285	176,661,077
Custom and repair.....	145,511,833	98,484,982	146,399,500	99,086,100
Manufactures.....	3,625,459,500	1,508,924,867	3,337,681,366	1,428,286,778
<b>Totals, Secondary Production</b>	<b>4,122,845,447</b>	<b>1,783,439,528</b>	<b>3,837,304,151</b>	<b>1,704,033,955</b>
<b>Grand Totals<sup>2</sup></b>	<b>5,693,610,700</b>	<b>2,992,336,288</b>	<b>5,431,756,699</b>	<b>2,974,673,454</b>

<sup>1</sup> Revised since the publication of *Canada 1940*.  
of items included under primary production.

<sup>2</sup> Excludes duplication in "Manufactures"

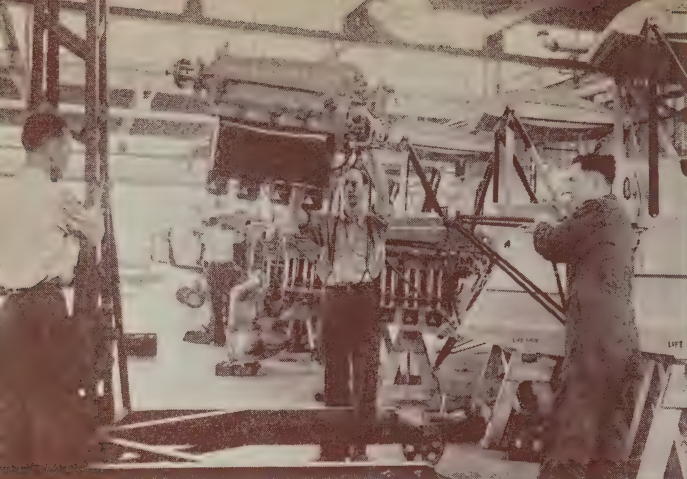
## Value of Production in Canada, by Provinces, 1937 and 1938

Province	1937 <sup>1</sup>		1938	
	Gross	Net	Gross	Net
	\$	\$	\$	\$
Prince Edward Island.....	18,480,008	9,429,799	20,458,390	11,832,958
Nova Scotia.....	182,212,155	102,891,083	168,300,064	99,158,589
New Brunswick.....	136,595,211	71,136,855	126,852,056	70,047,728
Quebec.....	1,507,712,591	764,517,559	1,450,142,356	764,189,933
Ontario.....	2,595,646,912	1,329,953,078	2,429,302,024	1,292,574,329
Manitoba.....	303,844,094	176,680,688	263,484,363	145,101,719
Saskatchewan.....	178,407,583	75,836,421	231,430,092	136,980,819
Alberta.....	311,106,844	206,987,784	308,419,193	208,382,832
British Columbia <sup>2</sup> .....	459,605,302	254,903,021	433,368,161	246,404,547
<b>Grand Totals</b>	<b>5,693,610,700</b>	<b>2,992,336,288</b>	<b>5,431,756,699</b>	<b>2,974,673,454</b>

<sup>1</sup> Revised since the publication of *Canada 1940*.  
territories.

<sup>2</sup> Includes Yukon and Northwest Ter-

# SECONDARY PRODUCTION IN CANADA



←  
Installing Engines in the  
Fuselages of Trainer  
Aeroplanes.



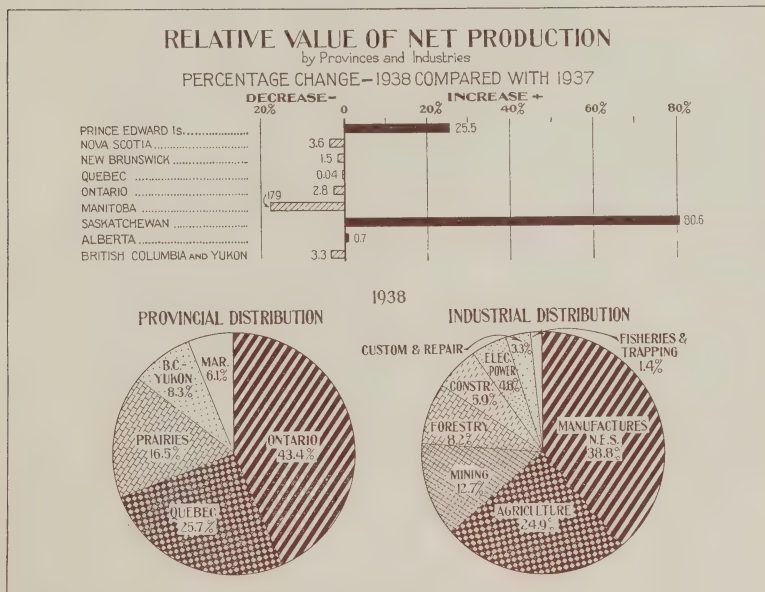
Construction of the Fuselage  
of Trainers.



←  
Assembly of Moth Trainers  
at the Plant.

*Courtesy, Canadian Car and  
Foundry Co. Ltd., and de  
Havilland Aircraft of Canada,  
Limited.*

Comparing the relationship of primary and secondary industries, it is observed that the primary group registered a net advance of 1.5 p.c. in 1938 over 1937 whereas secondary production decreased 4.5 p.c. The official price index of producers' goods receded to 75.8 in 1938 from 86.1 in 1937 while the index of consumers' goods declined 2.3 points to 77.2, indicating a fairly close price parity between the two branches of the national economy.



Due to its pre-eminent industrial position and diversification, Ontario had a net commodity output of \$346.44 per capita, a decline of about \$12 from the level of 1937. British Columbia ranked second with a per capita production of \$317.94. Alberta was again in third place with \$266.13 per capita, while Quebec's record was well maintained at \$240.92. The result for Manitoba was rather sharply downward at \$201.53 compared with \$246.42 in the preceding year. Saskatchewan registered an encouraging gain with \$145.57 compared with \$80.76 in 1937. Prince Edward Island with \$125.88 showed a gain, while Nova Scotia and New Brunswick, with \$180.95 and \$157.41, respectively, showed slight declines.





## CHAPTER III

### Agriculture

Wide variations in the soil and climate of Canada have permitted a great diversity of farming enterprise. From Cape Breton on the Atlantic to Vancouver Island on the Pacific the types of farming carried on and the products marketed are continually changing. In the Maritime Provinces important cash crops are potatoes and apples, while large areas of arable land are devoted to the production of hay and clover. Dairying is important and this enterprise supplies a large proportion of the cash income. Most of the dairy products are used in the Maritime Provinces. Generally, except for apples and potatoes, the Maritime Provinces are a deficit producing area and depend on supplies of meats, feed grains, etc., from outside sources.

In Quebec, the dairying enterprise is a specialty in many areas with large markets available in the urban centres of the Province. To support the heavy dairy production, more than 90 p.c. of the crop area is given over to the raising of forage and feed grains. Specialty crops for which this Province is noted are maple products, honey and tobacco. Truck farming has greatly increased in importance and now provides a large proportion of the cash income in areas that are suitable for this type of farming close to the consuming centres.

In recent years specialized production has increased in importance in Ontario. The fruit and truck-crop area of the Niagara Peninsula has increased in importance and, more recently, a phenomenal expansion in tobacco production has provided a large source of income. Most of the field-crop area, as in the case of Quebec, is devoted to production of forage and feed-grain crops which are used on the farm in production of live stock and live-stock products. In Ontario the development of urban centres has resulted in an increase in the specialized milk-producing areas and, gradually, this type of farming is being extended further from the cities and displacing general farming.

The three Prairie Provinces constitute the area of surplus production of wheat and of feed grains. Wheat is one of Canada's most important export commodities, while feed grains are sent from the Prairie Provinces to many countries as well as to Eastern Canada. The specialized wheat area covers the short-grass plains from the Red River Valley to the foothills of Alberta and is bounded on the north by the Park Belt. In the Park Belt, live-stock production is an important farm enterprise, particularly feeding of beef cattle and raising of hogs. However, on many of the specialized wheat farms some live stock are kept which provide for family needs and supplement the cash income prior to the harvest of the wheat crop. In southwest Saskatchewan and southern Alberta a considerable amount of sheep and cattle ranching is carried on.

The varied climate of British Columbia provides for a greater diversity of farming enterprises than in any other province. Fruit and truck crops are most important in the Okanagan and Kootenay Valleys. In the

lower Fraser Valley, as well as on Vancouver Island, dairying and poultry raising are specialties. In the interior of the Province considerable cattle ranching is still carried on, while in northeastern British Columbia an extension of the Peace River area from Alberta produces a considerable amount of spring wheat.

### Values of Agricultural Capital and Production

The two main classes of farm capital showed increases in values in 1939. In 1939 Ontario had 31 p.c. of the total value of such farm capital, Quebec 20 p.c., and Saskatchewan 19 p.c.

#### Current Value of Agricultural Capital, by Provinces, 1939

Province	Land and Buildings	Implements and Machinery	Live Stock	Total
	\$'000	\$'000	\$'000	\$'000
Prince Edward Island.....	44,183	5,962	7,998	58,143
Nova Scotia.....	97,366	7,699	15,419	120,484
New Brunswick.....	85,953	9,504	17,035	112,492
Quebec.....	709,786	69,912	121,753	901,451
Ontario.....	1,072,847	116,827	219,225	1,408,899
Manitoba.....	225,628	46,499	57,724	329,851
Saskatchewan.....	629,838	115,673	95,670	841,181
Alberta.....	413,602	86,800	99,063	599,465
British Columbia.....	91,815	10,411	23,590	125,816
<b>Totals.....1939</b>	<b>3,371,018</b>	<b>469,287</b>	<b>657,477</b>	<b>4,497,782</b>
<b>1938</b>	<b>3,271,970</b>	<b>474,990</b>	<b>594,132</b>	<b>4,341,092</b>
<b>1937</b>	<b>3,634,981</b>	<b>478,454</b>	<b>607,316</b>	<b>4,720,751</b>

The gross value of agricultural production includes the value of all crops, live stock and animal products produced on farms in Canada. In 1939 the gross value of agricultural production was estimated at \$1,170,943,000, which was 10 p.c. higher than in 1938.

#### Gross Value of Agricultural Production in Canada, 1935-39

Item	1935	1936	1937	1938	1939
	\$'000	\$'000	\$'000	\$'000	\$'000
Field crops.....	511,873	612,300	556,222	550,069	634,130
Farm animals.....	120,078	130,979	140,989	136,846	170,837
Wool.....	1,493	1,861	2,049	1,565	1,688
Dairy products.....	180,756	198,672	215,623	226,155	217,716
Fruits and vegetables.....	49,964	44,015	41,816	57,095	55,911
Poultry products.....	50,434	53,244	51,766	53,747	55,483
Fur farming.....	5,516	6,532	6,802	6,476	5,828
Maple products.....	3,522	3,714	2,245	3,850	3,444
Tobacco.....	10,870	9,374	17,140	20,270	19,248
Flax fibre.....	321	298	332	519	1,249
Clover and grass seed.....	1,818	2,154	2,344	2,996	2,683
Honey and wax.....	2,338	2,823	2,164	3,057	2,726
<b>Totals.....</b>	<b>938,983</b>	<b>1,065,966</b>	<b>1,039,492</b>	<b>1,062,645</b>	<b>1,170,943</b>

### Field Crops

**Acresages.**—During the past half century there has been almost a trebling in the area sown to field crops. The opening up of the Prairie Provinces and the stimulus to production induced by the War of 1914-18 were the principal factors responsible for this increase.





Stooked Wheat, High Prairie, Alta.

*Courtesy, Canadian Pacific Railway.*

**Wheat.**—Prior to 1905 the amount of wheat produced was less than 100,000,000 bushels. For six years it remained steadily over this figure until 231,000,000 bushels was reached in 1911. In only three of the next twenty years was wheat production less than 200,000,000 bushels, viz., 1914, 1918, and 1919. At that time the abnormally high 1915 crop of 393,000,000 bushels set a record for a number of years until 1922, when nearly 400,000,000 bushels were produced. New high records were attained in 1923 (474,000,000 bushels), in 1927 (480,000,000 bushels), and in 1928 (567,000,000 bushels). Except for the years 1930 and 1932 when production exceeded 400,000,000 bushels, the years from 1929 to 1937 were marked by unfavourable climatic conditions.

### Production, Imports, and Exports of Wheat for Canada, 1929-40

NOTE.—Wheat flour has been converted into bushels of wheat at the uniform average rate of 4½ bu. to the barrel of 196 lb. of flour.

Year	Production	Imports of Wheat and Flour <sup>1</sup>	Exports of Wheat and Flour <sup>1</sup>	Year	Production	Imports of Wheat and Flour <sup>1</sup>	Exports of Wheat and Flour <sup>1</sup>
	'000 bu.	bu.	bu.		'000 bu.	bu.	bu.
1929.....	304,520	1,374,726	186,267,210	1935.....	281,935	291,510	254,424,775
1930.....	420,672	244,220	258,637,886	1936.....	219,218	403,396	195,223,653
1931.....	321,325	216,328	207,029,555	1937.....	180,210	6,138,819	92,957,047
1932.....	443,061	173,014	264,304,327	1938.....	360,010	1,891,177	166,959,447
1933.....	281,892	413,165	194,779,875	1939.....	489,623	444,368	207,896,515
1934.....	275,849	896,674	165,751,305	1940.....	561,104 <sup>2</sup>	<sup>3</sup>	<sup>2</sup>

<sup>1</sup> Imports and exports are for the years ended July 31, 1929 to 1940.  
Not available at time of going to press.

<sup>2</sup> Subject to revision.



Farm Landscape, Cumberland County, N.S.

*Courtesy, N.S. Department of Agriculture and Marketing.*

In 1937 the worst drought ever experienced on the prairies reduced the crop to 180,210,000 bushels, the smallest yield since 1914. From 1938 to 1940, under greatly improved weather conditions, wheat production has been recovering. In 1940, the crop of 561,104,000 bushels was the second largest ever grown.

---

Filling a Silo with Clover Hay.—The green forage, wet or dry, is preserved by being chopped fine and sprayed with molasses solution.

*Courtesy, Canadian Industries, Limited.*





**Other Grains.**—These grains consist of oats, barley, flaxseed, rye, buckwheat, peas, mixed grain, and corn. The first two have assumed importance among the field crops of Canada. The volume of oat production has attained considerable dimensions, reaching the record total of close upon 564,000,000 bushels in 1923. The area under crop has expanded from 3,961,356 acres in 1890 to 12,789,900 acres in 1939, when the production was estimated at 384,407,000 bushels. Barley, with a production of 17,223,000 bushels in 1890, yielded a record total of 136,391,400 bushels in 1928, while the yield for 1939 was estimated at 103,147,000 bushels. Rye production amounted to 1,341,000 bushels in 1890, increased to 32,373,400 bushels in 1922, and receded to 15,307,000 bushels in 1939.

**Field Crops of Canada, 1939**

Field Crop	Area	Total Yield <sup>1</sup>	Total Value	Field Crop	Area	Total Yield <sup>1</sup>	Total Value
	acres	bu.	\$		acres	cwt.	\$
Wheat.....	26,756,500	489,623,000	252,779,000	Potatoes.....	517,700	36,390,000	39,040,000
Oats.....	12,789,900	384,407,000	105,963,000	Turnips, man-			
Barley.....	4,347,400	103,147,000	33,147,000	golds, etc...	189,600	37,636,000	12,884,000
Rye.....	1,101,800	15,307,000	5,766,000			tons	
Peas.....	76,000	1,307,000	2,350,000	Hay and clo-			
Beans.....	73,200	1,527,000	2,790,000	ver.....	8,836,600	13,377,000	107,068,000
Buckwheat.....	335,200	6,848,000	4,083,000	Alfalfa.....	946,900	2,167,000	17,819,000
Mixed grains.....	1,218,100	44,072,000	18,902,000	Fodder corn...	494,800	4,514,000	13,666,000
Flaxseed.....	307,100	2,169,000	3,030,000	Grain hay....	1,000,000	1,538,000	6,717,000
Corn for husking.	183,200	8,097,000	4,453,000	Sugar beets...	61,500	605,000	3,673,000

<sup>1</sup> Yields of the most important crops, according to second estimates for 1940, as published on Nov. 15, 1940, are: wheat 547,179,000 bu.; oats 387,805,000 bu.; barley 105,454,000 bu.; mixed grains 43,602,000 bu.; potatoes 42,058,000 cwt.; turnips, mangolds, etc. 39,153,000 cwt.; hay and clover 14,156,000 tons.

Prices of field crops were at an unusually high level during the War of 1914-18 and until 1919, then slumped steeply, falling to a low level in 1923. Recovery followed in the years up to 1930, when sharp declines commenced, bringing the prices of many crops to the lowest recorded levels. The value of the field crops of Canada, which in 1910 was \$384,514,000, had increased by 1914 to \$638,580,000. As the effects of the War of 1914-18 came to be felt, the maximum was reached in 1919 with a total of \$1,537,170,000. This value receded to \$899,266,200 in 1923 but the recovery of prices combined with excellent harvests brought the value up to \$1,173,133,600 in 1927 and \$1,125,003,000 in 1928. Since then it declined to \$948,981,000 in 1929, \$662,040,000 in 1930 and \$432,199,400 in 1931. With certain fluctuations, there was a gradual gain in value until the 1939 season when it stood at the highest level since 1930. Comparative figures for the past seven years are: 1933, \$453,958,000; 1934, \$549,079,600; 1935, \$511,872,900; 1936, \$612,300,400; 1937, \$556,222,000; 1938, \$550,069,000; and 1939, \$634,130,000. Owing to reduced yields of many field crops in 1937, and to reduced prices in 1938, the value of field-crop production declined during these two years in comparison with the 1936 level.

**The Canadian Grain Trade.**—Unlike the handling systems of most countries, Canadian grain is handled in bulk, rather than in bags, and is sold abroad by export grades, rather than by sample. The bulk handling



of grain has been facilitated by the system of country and terminal elevators that has grown with the increase in wheat production. In 1900-01, there were already in operation 518 country elevators with a total capacity of 12,759,352 bushels. By 1939-40 these had increased to 5,678 with a capacity of 190,759,450 bushels, although some of these elevators have not been operating during the recent years of light production.

From these country elevators the grain is moved by rail through any one of a number of inspection centres, such as Winnipeg, Calgary, or Edmonton, to the terminal elevators located at Fort William-Port Arthur or on the Pacific Coast. The number of licensed elevators at the Head of the Lakes has grown from 5 in 1900-01 with a capacity of 5,570,000 bushels to 29 with a capacity of 92,832,210 bushels in 1939-40. Pacific Coast terminal elevators are located at Vancouver, Victoria, New Westminster, and Prince Rupert and have a capacity of 31,812,610 bushels. A new route to overseas ports has been developed through Churchill with the erection of a terminal elevator in 1931 having a capacity of 2,500,000 bushels. The movement of grain through the Head of the Lakes has always been the heaviest. Total receipts of wheat, oats, barley, rye, and flaxseed at Fort William-Port Arthur in 1939-40 were 334,782,606 bushels, compared with receipts at Pacific elevators of 21,859,947 bushels, and at Churchill of 1,864,708 bushels.

From the Head of the Lakes, grain is shipped by water to eastern elevators located on the Lower Lakes and along the St. Lawrence River. Lower Lake elevators supply grain for eastern consumption and for transshipment to the St. Lawrence. Grain also moves from the Head of the Lakes to United States lake ports for United States consumption, milling-in-bond, or shipment by canal or rail to Atlantic seaboard ports. In winter months, small amounts of grain are moved by rail from Georgian Bay and Lower Lake elevators to the ports of Saint John and West Saint John, N.B., and Halifax, N.S., which are open to navigation the year around. Within the past two years a few small ocean-going vessels have gone directly to the Head of the Lakes, and have cleared with grain cargoes for overseas.

Clearances of Canadian wheat in 1939-40 from Canadian and United States ports amounted to 152,703,719 bushels. United States imports for consumption and milling-in-bond during 1939-40 amounted to 9,454,498 bushels. The total export movement of Canadian wheat in 1939-40 amounted to 207,896,515 bushels, including wheat flour expressed as wheat. Exports of oats and oat products in 1939-40 amounted to 23,911,383 bushels. Barley exports totalled 12,148,058 bushels, while rye exports amounted to 4,570,898 bushels. Flaxseed exports amounted to 17,908 bushels while, on the other hand, flaxseed imports into Canada totalled 1,391,667 bushels.

### **Live Stock**

The live-stock industry of Canada provides the means by which surplus feed grain and fodder crops are converted into income in the form of cash and products consumed in farm households. Probably the most important branch of the industry is that of cattle raising. In the production of beef cattle, the ranges of southwestern Saskatchewan, southern Alberta, and parts of British Columbia provide the foundation for the industry. In these areas, large-scale ranching is carried on, with the cattle

## LIVE STOCK

Beef Cattle—  
"White Faces" on a  
ranch in Alberta.



Horse Raising—  
Mares and foals on  
pasture in Quebec.



Canada's Bacon—  
Yorkshire pigs in  
Ontario.



Mutton-Wool.—  
Rambouillet ewes  
and lambs on the  
short grass plains  
in Saskatchewan.



moving out to feeding areas in other parts of Western Canada, to Ontario, and to the United States. Total numbers of cattle on farms fell from 8,952,000 head in 1934 to 8,474,600 head in 1939. At June 1, 1940, there were 8,565,000 cattle on farms.

The production of bacon hogs is now an important phase of Canada's live-stock industry. The hog industry depends chiefly upon supplies of feed grains, and to a lesser extent upon a provision of supplemental feeds such as skim milk and buttermilk. The greatest concentration of the hog industry is, therefore, found in central and southwestern Ontario, throughout the central and northern parts of Manitoba, across the Park Belt of Saskatchewan, and in the north central and central areas of Alberta. In late years the Prairie Provinces have become relatively more important as hog-producing regions. Hog production has been increasing since 1938 and at June 1, 1940, there were 5,882,000 hogs on farms compared with 4,294,000 at June 1, 1939. This 1940 figure is the largest yet recorded.

The raising of sheep for production of mutton and wool is carried on both under general farm live-stock raising and as a specialized business in the sheep-ranching areas of southwestern Saskatchewan, southern Alberta, and parts of British Columbia. In recent years there has been a tendency for the numbers of sheep on farms to remain fairly steady and at June 1, 1940, there were 3,452,000 compared with 3,365,000 in 1939.

The raising of horses for sale was at one time an important industry in the southern range areas of Saskatchewan and Alberta. With the increase in the use of mechanical power during recent years, the production of horses has declined considerably. At June 1, 1940, the number of horses on farms was estimated at 2,858,000.

**Marketings.**—Commercial marketings of cattle in 1939 amounted to 1,183,000 head, of which 789,000 head were sold through the stockyards, 278,000 head were sold direct to packing plants, and 116,000 head were sold direct for export. Total commercial marketings in 1938 were 1,074,000 cattle. Movement of cattle to stockyards by truck has become increasingly important. In 1939, 45 p.c. of the cattle and 51 p.c. of the calves, were transported to stockyards by truck. Calf marketings were 795,000 head as compared with 748,000 head in 1938.

Hog marketings in 1939 amounted to 3,706,000, compared with 3,246,000 head in 1938. The public stockyards handled 746,000 head. Of considerable interest in Canadian hog marketing is the trend toward carcass grading. The 1939 carcass gradings numbered 1,964,000 as compared with only 115,000 in 1935.

Total sheep and lamb marketings were reported at 753,000 head in 1939, and 759,000 head in 1938. About one-half the sheep and lambs are sold through the public stockyards.

The greater proportion of horses marketed are transferred from one farm to another and thus do not appear on the stockyard records. There has been a very considerable increase in recent years in the number of horses shipped eastward through the St. Boniface yards at Winnipeg.

### **Special Crops**

Some of the more important special crops are: tobacco, sugar beets, maple syrup and sugar, honey and vegetable crops.



**Tobacco.**—Commercial production is centred in Ontario and Quebec, with a few hundred acres of flue-cured tobacco in British Columbia. The major development in the industry has taken place during the years since 1926 and has been due almost entirely to the phenomenal increase in the production of flue-cured tobacco, particularly in Ontario. Total plantings of the flue-cured type showed an uninterrupted expansion from 7,570 acres with a production of 6,239,800 pounds in 1927 to 28,063 acres with production totalling 27,847,000 pounds in 1932. Following the sharp break in prices in 1931 and 1932, when the average price of flue-cured dropped from 32.0 cents in 1930 to 16.4 cents in 1932, a system of voluntary acreage control was introduced in Ontario in 1933 and has been in effect since that year. Marketing of the crop is now controlled by the Flue-Cured Marketing Association of Ontario and, under the stimulus of a minimum price fixed annually by the Association, cultivation of this crop has expanded rapidly. The 1939 crop of flue-cured totalled 79,734,400 pounds from 69,840 acres, as compared with 78,174,100 pounds from 63,530 acres in 1938.

The total commercial tobacco crop of 1939 was estimated at 107,703,400 pounds with a gross farm value of \$19,443,800 as compared with 101,394,600 pounds valued at \$20,269,700 in 1938. The 1939 crop was produced on 92,300 acres as compared with 83,575 acres in the previous year. With the first estimate of the 1940 crop showing a total production of only 49,000,000 pounds, which is less than half the record crop produced in 1939, the sharply upward trend in Canadian tobacco production during the past three years has been reversed. While smaller crops from lower acreage are common to all types of tobacco, the most drastic reduction has been in the production of flue-cured tobacco in Ontario where approximately 24,000,000 pounds has been harvested from 42,350 acres. The decrease is the result of reduced acreage (as recommended by the Ontario Flue-Cured Marketing Association in view of the heavy surplus of unsold tobacco from the 1939 crop) and an unfavourable season and extensive frost damage in the Norfolk area.

Tobacco at Yamaska River, Que.  
*Courtesy, Department of Agriculture.*



The home market for flue-cured leaf has shown the most rapid expansion in recent years. About 89 p.c. of raw leaf used in domestic manufacture in 1939 was grown locally, as compared with only 54 p.c. in 1930. The increased use of domestic leaf has coincided with a drop in imports of foreign leaf from 17,400,000 pounds in 1930 to 4,400,000 in 1939.

Exports in commercial quantities began in 1920, reached a peak of 13,900,000 pounds in 1933 and a record total of 32,210,000 pounds in 1939. The United Kingdom has always been the chief buyer, taking about 90 p.c. of the total leaf exports, which are largely flue-cured. The virtual closing of this market following the outbreak of hostilities in September, 1939, with total imports of Canadian tobacco restricted to 8,000,000 pounds, created an acute marketing problem and resulted in a carryover into the 1940-41 crop year of an unsold surplus of approximately 30,000,000 pounds of flue-cured tobacco.

**Other Crops.**—Quebec leads in maple products. Production in 1940 amounted to 3,099,000 gallons in terms of syrup, and the gross farm value of sugar and syrup produced in all Canada was \$4,209,300 as compared with the 1939 crop of 2,592,200 gallons valued at \$3,443,900.

Sugar-beet production is centred in southwestern Ontario and near Raymond, Alta., although there are other areas sown to this crop in Quebec and Manitoba. In 1939, the latest year for which factory statistics are available, the output of refined beetroot sugar amounted to 169,320,343 pounds valued at \$8,063,332 as compared with 143,013,847 pounds valued at \$6,001,380 in 1938.

The production of honey is common to all provinces, with Ontario, Manitoba, and Quebec the leaders. The 1939 crop was estimated at 28,856,100 pounds as compared with 37,909,900 pounds in 1938. The 1939 crop of honey and wax was valued at \$2,726,700.

The growing of fresh vegetables for market is an important occupation in many parts of Canada, particularly in suburban areas. Truck farms located in specially favoured regions provide raw materials for the vegetable-canning industry and cater to the fresh-vegetable market.

Other special crops of lesser importance are clover and grass seed, hops, and flax for fibre.



Weighing Drums of  
Maple Syrup,  
Plessisville, Que.

*Courtesy, Quebec  
Department of  
Agriculture*



### Dairying

**The Cheese and Butter Industries.**—In 1939, 1,312 creameries, 1,000 cheese factories, and 228 factories manufacturing both butter and cheese were operated in Canada. The output of these factories reached a total of 267,368,100 lb. of butter and 122,771,800 lb. of cheese, valued at \$61,045,300 and \$14,598,700, respectively. While the creamery output in 1939 was only slightly greater than that produced in the previous year, it exceeded the 1937 production by 8.2 p.c. and revealed an increase of 26,400,000 lb., or 11.0 p.c. over that of 1935. Cheddar cheese production in 1939 represented a decline of 1.0 p.c., compared with the output of the preceding year, and fell 6.0 p.c. below the 1937 production. Yet, in comparison with 1935 an increase of 22,300,000 lb. or 22.2 p.c. was indicated. During the first nine months of 1940, 214,300,000 lb. of butter and 116,300,000 lb. of cheese were produced in the Dominion, the former registering a reduction of approximately 1 p.c. as compared with the January-September period of 1939, and the latter an increase of almost 14 p.c.



A Herd of Jersey Cattle in Ontario.

An advance in cheese production has been shown for 1940 due, in part, to a diversion of milk otherwise used for butter-making; also to a general increase in the production of milk and the proportion supplied for manufacturing. The demand for cheese in the United Kingdom and the stabilization of prices under a war-time economy produced some important changes in the domestic price structure. Early in the year, Canadian cheese had the advantage of a free market in the United Kingdom which permitted prices to move to unusually high levels. First-grade



Ontario coloured cheese reacted to market conditions in the United Kingdom at that time and averaged  $18\frac{1}{4}$  cents at Montreal during the month of January, as compared with  $12\frac{1}{8}$  cents in the same month of the preceding year. When import and price regulations were applied to Canadian cheese by the British Government, the Dairy Products Control Board was set up by the Canadian Government to govern the export movement of cheese, and to make price regulations in the Dominion. The Order in Council appointing the Board also set the price of No. 1 Canadian cheese at 14 cents, f.o.b. Montreal. After the passing of this Order on May 23, cheese



An Up-to-Date Creamery in Nova Scotia.

*Courtesy, Canadian Government Motion Picture Bureau.*

prices conformed closely to the fixed basic price of 14 cents as compared with the June-September average of 12 cents in 1939. The trend in butter prices, on the other hand, was less favourable. During the first five months of 1940 creamery butter solids at Montreal averaged  $26\frac{3}{8}$  cents as compared with  $21\frac{7}{8}$  cents in the same period of 1939, while in the period June-September the average was  $22\frac{5}{8}$  cents, compared with  $22\frac{7}{8}$  cents in the corresponding four-month period of the preceding year.

The production of dairy butter has increased approximately 6,000,000 lb. in the past ten years, the greater part of which is consumed on farms or in rural towns and villages. The 1939 production of 103,722,000 lb. represents approximately 28.0 p.c. of the total butter output. Farm-made cheese, on the other hand, amounting to 1,046,300 lb. in 1939, constitutes only about 1 p.c. of the total cheese production.

After the War of 1914-18 butter exports were relatively high, amounting in 1925 to 26,600,000 lb., or 16 p.c. of the annual production, but, with the development of the home market, exports declined, and at times they have been reduced to quite insignificant quantities. In 1935, 7,700,000 lb. were exported from Canada; in 1936 exports were reduced to 5,100,000 lb., in 1937 to 4,100,000 lb., and during 1938 only 3,893,000 lb. were shipped from Canadian ports. With the outbreak of the War in Europe in 1939, the overseas movement of butter was sharply reduced, so that the exports of 11,551,900 lb. during the first eight months of 1939 represented 93.2 p.c. of the total shipments for the year. Incidentally, approximately one-half of this amount was shipped during the first three months of the year, which was the largest export movement of butter during that period since 1925. From January to September, 1940, only 930,300 lb. of butter were exported from the Dominion, compared with 11,785,700 lb. in the same period of the preceding year.

In contrast to butter, cheese is mainly marketed abroad. In Ontario, where a large proportion of this product is manufactured, primary sales are made through local cheese boards, and after being inspected by Dominion Government inspectors the cheese is shipped to Great Britain and other countries by dealers in the larger distributing centres. At the turn of the century exports approximated 200,000,000 lb., and for the year ended June 30, 1904, 234,000,000 lb. As production declined exports also dropped to lower levels, and in 1935 amounted to only 55,700,000 lb. The 1939 exports were 90,900,000 lb., 74.1 p.c. of the total make for that year. During the first nine months of 1940 exports amounted to 78,100,000 lb., an increase of nearly 55 p.c. as compared with the same period of 1939. The 1938 exports represented 23.1 p.c. of the total cheese entering the British market where the Canadian product commands a price preference that places it next in rank to the finest English cheddar.

**Milk and Milk Products.**—Milk and cream for fluid consumption are generally sold by producers to distributors; the demand for pasteurized products has tended to bring this about, although in many of the smaller centres producers still deliver these products direct to householders. In the larger centres of population the distributors usually own plants where milk and cream are pasteurized, and butter, cheese, and other products are manufactured from the surplus. With the growth of urban centres, more and more milk is being used in the fluid form, a fact that has significance in connection with the decline in the cheese industry. It is estimated that, in 1939, 3,580,000,000 pints of milk (including cream) were consumed in Canada, representing a per capita consumption of 0.87 pint daily. Concentrated milk (included under "Miscellaneous Factory Products" in the following table) is another branch of dairy manufacturing that has developed at the expense of cheese production. During the period 1933 to 1939 whole-milk products increased 103.9 p.c. while milk by-products advanced 68.9 p.c. In 1939, 19.8 p.c. of the total output of all concentrated milk products, amounting to approximately 158,000,000 lb., was shipped to British and Empire markets. Another important product in the miscellaneous group is ice cream; from 1933 to 1939 the total output for the Dominion increased by approximately 3,000,000 gal.

**Production of Dairy Products in Canada, by Provinces, 1939,  
with Totals for 1938**

Province	Butter		Cheese		Miscellaneous Factory Products	Milk Other- wise Used	All Products Expressed as Milk
	Creamery	Dairy	Factory	Farm- made			
	lb.	lb.	lb.	lb.	'000 lb.	'000 lb.	'000 lb.
P.E.I.....	1,924,900	1,606,000	464,700	300	723	45,618	134,206
N.S.....	5,677,600	5,738,000	Nil	20,000	15,863	164,197	447,513
N.B.....	3,968,600	6,292,000	561,300	5,000	3,685	150,920	401,150
Que.....	79,793,000	12,132,000	26,271,400	223,000	26,132	1,538,426	4,013,262
Ont.....	88,243,800	24,344,000	88,518,500	125,000	332,434	1,898,142	5,859,064
Man.....	20,524,200	10,844,000	3,493,000	165,000	10,646	373,873	1,300,284
Sask.....	25,400,000	24,004,000	344,800	203,000	6,912	576,060	1,745,656
Alta.....	29,750,000	15,912,000	2,196,200	225,000	14,623	554,250	1,664,936
B.C.....	6,086,000	2,850,000	921,900	80,000	59,427	262,539	542,380
<b>Totals, 1939</b>	<b>267,368,100</b>	<b>103,722,000</b>	<b>122,771,800</b>	<b>1,046,300</b>	<b>470,445</b>	<b>5,564,025</b>	<b>16,108,451</b>
<b>1938</b>	<b>267,347,271</b>	<b>105,076,000</b>	<b>123,971,308</b>	<b>1,101,300</b>	<b>435,106</b>	<b>5,579,501</b>	<b>16,133,852</b>

### Poultry and Eggs

Poultry farming has expanded considerably in the past ten years. The specialized production of eggs and poultry has shown the most noticeable development, but poultry is also being given a more important place in general farming. Selective breeding and the improvement in the quality of eggs and poultry are matters that have received more attention in recent years.

The population of hens and chickens at June 1, 1939, was estimated at 58,510,000. Turkeys numbered approximately 2,500,000, geese 795,000, and ducks 624,000. During the year 1939, the production of eggs amounted to 221,737,000 doz., valued at \$41,037,000 or 18.5 cents per dozen. The production per hen remained at 111, the same as in 1938. Exports of poultry in 1939 amounted to 3,515,500 lb. compared with 3,512,800 lb. in 1938. The shipments of eggs decreased, declining from 1,843,000 doz. in 1938 to 1,274,000 doz. in 1939. During the first nine months of 1940, 7,971,000 doz. of eggs were exported from the Dominion as compared



A Fine Flock of  
Emden Geese.

*Courtesy, Department  
of Agriculture.*





View of the Cornwallis-  
Annapolis Valley, N.S.

Spraying Apple Trees.

*Courtesy, Nova Scotia  
Department of  
Agriculture and  
Department of  
Agriculture,  
Ottawa.*



with 703,000 doz. in the January to September period of 1939. Egg consumption is comparatively high, amounting in 1939 to 21.28 doz. per capita. The consumption of poultry in the same year was 19.31 lb. per capita.

### **Fruit Growing**

The first records of attempts to establish cultivated fruit in Canada are to be found in the Census of 1698 when 1,584 trees were reported at Port Royal and 32 at Beaubassin in the region then known as Acadia. From this small beginning, the industry has developed until now fruit is being grown in all provinces although production is on a commercial scale only in Nova Scotia, New Brunswick, Quebec, Ontario, and British Columbia. The most extensive fruit-growing areas are the Annapolis Valley in Nova Scotia, southwestern Ontario, and the Okanagan Valley in British Columbia, while less well-known, but increasingly important, districts are the St. John Valley in New Brunswick and the Montreal and southern counties district in Quebec. The development of improved varieties with

hardy characteristics has made fruit growing possible in the Prairie Provinces but production is confined chiefly to the backyard gardens. The value of the commercial fruit crops in 1939 was \$17,164,600, made up as follows: apples, \$10,138,100; pears, \$675,300; plums and prunes, \$287,800; peaches, \$1,142,900; cherries, \$580,200; apricots, \$149,700; strawberries, \$2,119,600; raspberries, \$1,078,400; loganberries, \$83,700 and grapes, \$908,900.

*Marketings.*—With the outbreak of war, exports of Canadian apples to continental Europe were completely cut off and shipments to the United Kingdom were restricted to approximately 50 p.c. of the average exports for the previous two years. For the year ended Mar. 31, 1940, exports to the United Kingdom were 1,189,756 barrels compared with the five-year, 1935-39, average of 1,973,639 barrels. Exports of all fruits for the year ended Mar. 31, 1940, amounted to 1,335,127 barrels while the five-year, 1935-39, average was 2,192,936 barrels or 46.6 p.c. of the average commercial crop for those years. Exports for 1940 amounted to only 23 p.c. of the 1939 crop.

Various steps were taken to stabilize the domestic market and among them were the canning and drying of 1,333,000 barrels of No. 1 and domestic Nova Scotia apples and the zoning of the Dominion to assure the fair distribution of the fresh fruit. In addition an extensive advertising program to sell apples and apple products was instituted by the Government.

### **Provincial Assistance to Agriculture**

Each of the nine provinces, under Sect. 95 of the B.N.A. Act, has its Department of Agriculture, through which is carried on educational and extension work to assist farmers. Agricultural colleges maintained by the provinces are: the Nova Scotia Agricultural College at Truro, the Ontario Agricultural and the Ontario Veterinary Colleges at Guelph, and the Manitoba Agricultural College at Winnipeg. Three agricultural colleges in Quebec are assisted by the Provincial Government, while faculties of agriculture are found in the provincial universities of Saskatchewan, Alberta, and British Columbia.

## CHAPTER IV

### Mines and Minerals

#### **Development of the Mining Industry since the War of 1914-18.—**

Canada's mineral deposits constitute a very important factor in the economic and social development of the country. This has been especially reflected during recent years, and more particularly since the War of 1914-18. In 1914 Canada's mineral production was valued at \$128,863,075, and in 1939 the output was valued at \$474,602,000, the highest ever recorded; this of itself shows an enormous growth. There are, however, features of the mineral production of Canada that are of special significance at the present time. In 1914 most of the products of the mines had to be exported in either a crude or a semi-refined state. For instance, in 1914 this country produced only a small amount of refined lead, no refined copper, no refined zinc, and no refined nickel; whereas to-day the highest grades of these metals are produced in large quantities. Aluminium is also being produced in increasing quantities from imported ores.

Progress in Canadian gold mines has been truly remarkable. In 1939 the output of gold reached an all-time high value of \$184,115,951 as compared with \$15,883,007 in 1914. Canadian gold mines, located in almost every province, form a very important part of the natural bulwark of defence. The gold is used for the purpose of purchasing war supplies from other countries, while the products of the great base-metal mines and smelters go into the manufacture of vital munitions, war equipment, and naval defence, both in Canada and in England. Reserves of steam coal are considerable, particularly in Nova Scotia, Alberta, and British Columbia. Production of crude petroleum from the Turner Valley district of Alberta has increased rapidly during recent years. A high bessemer grade iron-ore deposit is being developed in Ontario and the recent production of mercury in British Columbia represents the only large commercial output of this metal within the Empire. Canada's position with regard to many of the industrial non-metallic minerals is excellent. The asbestos deposits of Quebec are among the finest of their kind in the world and the supply of fibre from these is ample for war requirements. Also, in Ontario and Quebec, are many deposits of high-grade mica and other essential war minerals and with the cutting off of supplies from the British market of feldspar from Scandinavia, Canada has been called upon to make up part of the deficiency. Magnesitic dolomite production in Quebec, used in the manufacture of a high type of refractory material, is increasing greatly as the iron and steel and non-ferrous metal smelting industries are required to enlarge their output. Canadian plants for the production of cement, brick, and other structural materials are developed to a high state of efficiency and are so situated that the demands of the country can be supplied readily.

Because of the excellent position of Canada with regard to the strategic metal situation at the outbreak of the present War, the companies producing these metals were able and willing to make contracts with the British Government to furnish large quantities at prices prevailing shortly before the beginning of hostilities. This is a tremendous contribution financially, since if Canada had not been able to supply these metals,





# ASBESTOS PRODUCTION IN CANADA



- (1) View of the Jeffrey Mine, Que., the largest asbestos mine in the world. The town of Asbestos is shown to the left. (2) This equipment could hold two  $1\frac{1}{2}$  storey houses inside its control cab. (3) The choice long fibres are broken away from the rock with a small "cobbing" hammer and then carried to the mill in bags. (4) The buildings at Asbestos where the valuable asbestos fibre is recovered by a series of crushing and separating operations, from the rock blasted out of the mine.

*Courtesy, Canadian Johns-Manville Co. Limited.*

the United Kingdom would have found it necessary to purchase them from neutral countries with a proportionate drain on exchange reserves, and prices would undoubtedly have risen far beyond those existing at the present time, as was the case during the War of 1914-18.

Base metals are refined in the following provinces: lead and zinc at Trail, B.C.; zinc in Manitoba; copper, nickel, and cobalt in Ontario; and copper in Quebec. In addition, aluminium metal is made at Arvida and Shawinigan Falls, Que., and plants are being established in the industrial centres of the central provinces for the fabrication of these metals into various commodities. Canada is developing to the stage where ores are being worked up not only into refined metals but into finished products.

Prospecting fell to a low ebb during the War of 1914-18, but in 1921 the famous northwestern Quebec copper-gold areas were opened up with the discovery of the Noranda. This wonderful mine is not only one of Canada's principal copper producers but is also the third largest gold producer in the country.

The Prairie Provinces, long thought of as being valuable only as grain-growing areas, have also become prominent as a source of minerals. In 1915 the Flin Flon copper-gold-zinc mine, situated on the Manitoba-Saskatchewan boundary, was discovered. The ore was complex and hard to treat and it was several years before this large deposit was brought to successful production but to-day a large mine, smelter, and zinc refinery add annually to Canada's wealth.

During the past two years several gold mines have come into production in the Northwest Territories and at Lake Athabaska in northern Saskatchewan. One of the most recent developments is in the Zeballos country, on the west coast of Vancouver Island. The veins in this latter area appear to be very rich and success for some of the properties was assured with a minimum of expenditure.

The discovery of pitchblende in 1936 by Gilbert Labine at Great Bear Lake in the Northwest Territories placed Canada on the map as one of the world's important sources of radium. The ore is brought to Port Hope, Ont., for the recovery of radium and uranium salts.

Among the countries of the world, Canada is to-day first in the production of nickel and platinum metals, third in gold and copper, and fourth in lead and zinc.

Canada is in a somewhat anomalous position with regard to coal. There are large supplies of bituminous coal in the Maritimes, on the prairies, and on the Pacific Coast, but in the Provinces of Quebec and Ontario, where the population is most dense, no coal is mined. Therefore coal must either be brought to these "acute fuel areas" from the United States or, if from Canadian mines, with the assistance of the Dominion Government by means of subventions. Canada's anthracite requirements are supplied by the United States, Great Britain, and other European sources, and some comes from as far away as French Indo-China. Production of petroleum from the Turner Valley and other Alberta fields has risen from 1,312,368 bbl. in 1936 to 7,576,932 bbl. in 1939. Some production is also derived from the Stoney Creek field in New Brunswick and from southwestern Ontario. The New Brunswick gas supplies Moncton and Hillsborough; that of Ontario about 120,000 industrial and domestic users.



Canada produces a great variety of non-metallic minerals of economic value. The principal non-metallic is asbestos. Indeed, Canada leads the world in the output of this mineral. Approximately all of the output comes from the Eastern Townships of Quebec, though during the past year development work has been undertaken on a property in Ontario which should shortly be in the production class. The fibre of this mineral is of good quality and well adapted for spinning. Production in 1939 totalled 364,472 tons with a value of \$15,859,212.

Next in importance is common salt. The greater part of the Canadian production of this mineral comes from wells in southwestern Ontario, although there is a salt mine at Malagash, Nova Scotia, and production from this property is increasing. The first production of commercial



Sampling Underground at  
Timmins, Ontario.



Ball and Chain Loader, Underground  
at a Large Ontario Mine.



*Courtesy, Lake Shore Mines, Limited  
and Photographic Arts.*





importance in Manitoba was recorded in 1932, and in Saskatchewan in 1933. Some shipments have also been made from deposits near McMurray in Alberta. Between 40 and 50 p.c. of the Canadian salt production is used in the form of brine in chemical industries for the manufacture of caustic soda, liquid chlorine, soda ash, and other chemicals.

Third in importance among the Canadian non-metallics (other than fuel) is gypsum, and output in 1939 was valued at \$1,935,127. Many large deposits of gypsum occur throughout Canada, but production is chiefly from Hants, Inverness, and Victoria Counties, N.S.; Hillsborough, N.B.; Paris, Ont.; Gypsumville and Amaranth, Man.; and Falkland, B.C. Nearly 50 p.c. of Canada's production is exported in the crude form from Nova Scotia deposits, though a substantial trade has been built up in Canada from the manufacture of plaster of paris, gypsum wallboard, acoustical materials, and insulating products. Other important non-metallic minerals produced in Canada are listed in the table at p. 76.

Canada has long been a producer of brick and tile, cement, lime, stone, and sand and gravel. Production in 1939 totalled more than \$35,000,000. As only a small part of these items is exported, the value of output is an excellent barometer of conditions in the construction industry.

**Production in 1939 Compared with 1938.**—Mineral production in 1939 showed an increase of 7.4 p.c. over 1938 which reflects the almost general expansion in production and new development. The value of the 1939 output was the highest ever recorded.

#### Mineral Production of Canada, by Provinces, 1937, 1938, and 1939

Province or Territory	1937		1938		1939	
	Value	P.C. of Total	Value	P.C. of Total	Value	P.C. of Total
	\$		\$		\$	
Nova Scotia.....	30,314,188	6.6	26,253,645	5.9	30,746,200	6.5
New Brunswick.....	2,763,643	0.6	3,802,565	0.9	3,949,433	0.8
Quebec.....	65,160,215	14.3	68,965,594	15.6	77,335,998	16.3
Ontario.....	230,042,517	50.3	219,801,994	49.7	232,519,948	49.0
Manitoba.....	15,751,645	3.4	17,173,002	3.9	17,137,930	3.7
Saskatchewan.....	10,271,463	2.2	7,782,847	1.8	8,794,090	1.8
Alberta.....	25,597,117	5.6	28,966,272	6.6	30,691,617	6.5
British Columbia....	73,555,798	16.1	64,549,130	14.6	65,216,745	13.7
Yukon.....	3,784,528		3,959,570		4,961,321	
Northwest Territories <sup>1</sup> .....	117,978	0.0	568,618	1.0	3,248,777	1.7
<b>Totals<sup>1</sup>.....</b>	<b>457,359,092</b>	<b>100.0</b>	<b>441,823,237</b>	<b>100.0</b>	<b>474,602,059</b>	<b>100.0</b>

<sup>1</sup> Production of radium-bearing ores not included; figures not available for publication.

Outstanding contributors of mineral wealth in the Dominion during 1939 were the gold mines and base-metal mines. Canadian gold production during the year under review reached an all-time high peak and Canada probably ranked second as a gold-producing country in 1939. High production records in base metals were established in 1939 for copper, nickel, and zinc. Lead output showed a 7 p.c. decrease from the preceding year's production of 418,927,660 lb. In 1939, for the first time in several years, the commercial production of iron ore was reported; this came from the New Helen mine in the Michipicoten district of Ontario.

The fuel industries were featured in 1939 by a continued and important increase in the production of petroleum, chiefly from Alberta wells. Coal production increased 8·7 p.c. over the 1938 output. Increases were recorded in all coal-producing provinces except Saskatchewan and Manitoba. Natural gas had a record output. The total value of all fuels increased 9·1 p.c. compared with the preceding year.

Among the more important industrial minerals, asbestos production marked an increase of 25·8 p.c. over 1938. Other outstanding minerals in this group showing increases included gypsum, mica, sulphur, and sodium sulphate. Brick and other clay products showed an encouraging increase. Other structural materials to show increases in value over the preceding year were cement, stone, and lime.

### Mineral Production of Canada 1938 and 1939

Item	1938		1939	
	Quantity	Value	Quantity	Value
<b>METALLICS</b>		\$		\$
Gold..... fine oz.	4,725,117	97,676,834	5,094,379	105,310,157
Estimated exchange on gold produced	-	68,529,156	-	78,805,794
Silver..... fine oz.	22,219,195	9,660,239	23,163,629	9,378,490
Nickel..... lb.	210,572,738	53,914,494	226,105,865	50,920,305
Copper..... "	571,249,664	56,554,034	608,825,570	60,934,859
Lead..... "	418,927,660	14,008,941	388,569,550	12,313,768
Zinc..... "	381,506,588	11,723,698	394,533,860	12,108,244
Platinum metals..... fine oz.	292,219	8,874,136	284,304	9,422,211
Other metals.....	-	2,133,622	-	4,312,295
Totals <sup>1</sup> .....	-	323,075,154	-	343,506,123
<b>NON-METALLICS</b>				
<b>Fuels</b>				
Coal..... ton	14,294,718	43,982,171	15,537,443	48,315,224
Natural gas..... M cu.ft.	33,444,791	11,587,450	35,185,146	12,507,307
Petroleum, crude..... bbl.	6,966,084	9,230,173	7,826,301	9,846,352
Peat..... ton	620	3,500	445	2,445
Totals.....	-	64,803,294	-	70,671,328
<b>Other Non-Metallics</b>				
Asbestos..... ton	289,793	12,890,195	364,472	15,859,212
Feldspar..... "	14,058	129,293	12,500	112,309
Gypsum..... "	1,008,799	1,502,265	1,421,934	1,935,127
Magnesitic dolomite.....	-	420,261	-	474,418
Quartz <sup>2</sup> ..... ton	1,380,011	961,617	1,582,935	1,100,214
Salt..... "	440,045	1,912,913	424,500	2,486,632
Sodium sulphate..... "	63,009	553,307	71,485	628,151
Sulphur <sup>3</sup> ..... "	112,395	1,044,817	211,278	1,668,025
Talc and soapstone.....	-	144,848	-	170,066
Other non-metallics.....	-	506,607	-	627,695
Totals.....	-	20,066,123	-	25,061,849
<b>CLAY PRODUCTS AND OTHER STRUCTURAL MATERIALS</b>				
Clay products (brick, tile, sewer pipe, pottery, etc.).....	-	4,536,084	-	5,151,236
Cement..... bbl.	5,519,102	8,241,350	5,731,264	8,511,211
Lime..... ton	486,922	3,542,652	552,209	4,003,514
Stone, sand, gravel, and slate..... "	37,339,904	17,558,580	36,737,863	17,096,798
Totals.....	-	33,878,666	-	35,362,759
<b>Grand Totals<sup>1</sup>.....</b>	<b>-</b>	<b>441,823,237</b>	<b>-</b>	<b>474,602,059</b>

<sup>1</sup> Production of radium-bearing ores not included. Figures not available for publication.

<sup>2</sup> Includes silica sand used for smelter flux.

<sup>3</sup> In sulphuric acid made and in pyrites shipped.

## CHAPTER V

### Forest Resources of Canada

Among the industries engaged in utilizing the natural resources of Canada, forestry ranks third, i.e., after agriculture and mining.

Canada has 783 million acres of forested land comprising more than 35 p.c. of the total land area. By way of comparison, only about 8.6 p.c. of the total land area is considered to be of value for agriculture, and only about 6 p.c. is now used for field crops or pasture. It is thought that perhaps 134 million acres now forested may have agricultural potentialities but the most productive use to which about 650 million acres can be devoted is the growing of forests. Not all of this forested area is capable of producing wood for commercial purposes, about 290 million acres being situated in sub-arctic, sub-alpine, or other unfavourable sites that preclude profitable timber growth or industrial utilization. These "unproductive" forests, however, have important influences on the climate and on the control of water supplies; they provide optimum natural habitats for wild life and wood for fuel and building material for the use of the local inhabitants, white and native.

About 493 million acres are considered accessible and capable of producing continuous crops of timber for domestic and industrial purposes. Of this productive forest area it is estimated that 47 p.c. carries timber of

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Keeping Logs on the Move.

*Courtesy, International Paper Sales Co. Inc.*





merchantable size, that is, large enough to be used now as pulpwood, cordwood, or saw logs. On the remaining 53 p.c. there is young growth of various ages, kinds, and degrees of stocking that has become established by natural reproduction on cut-over or burned-over areas.

The total stand of timber of merchantable size is estimated to amount to 273,000 million cu. ft., of which 170,000 million is considered accessible. Of the accessible timber about one-third (245,000 million bd. ft.) is large enough for saw material and two-thirds (1,100 million cords) is suitable for pulpwood, fuelwood, posts, mining timber, etc. Much of this smaller material will attain saw-timber size if allowed to grow another 30 to 50 years but there are some stands growing on poor sites that cannot be expected to produce saw logs.

During 1938 about 2,700,000,000 cubic feet of the standing timber was cut for use. About 564,000,000 cubic feet is destroyed annually by fire and another 700,000,000 feet by insects, fungi, windfall, and other agencies so that the inroads made in our forest capital in 1938 amounted to about 3,964,000,000 cubic feet.

Forest resources, however, are capable of replacement under forest management and can be made self-sustaining. New trees can be grown to take the place of those cut or destroyed. Destruction can be reduced, growth can be encouraged and increased, and with an annual increment of only 10 cubic feet per acre—quite possible under forest management—this valuable resource can be maintained in perpetuity. It can be managed so as to supply all needs at the present rate of consumption even if the population were to increase to over 26 millions.

Over 160 different tree species grow to commercial size in Canada and while only 31 of these are conifers their wood forms 80 p.c. of the standing timber and 95 p.c. of the sawn lumber.

### Operations in the Woods

Differences in forest conditions throughout Canada give rise to differences in logging methods. The climate in Eastern Canada is such that the cutting and hauling of logs can usually be carried on most economically during the fall and winter months, so that the logging industry is largely seasonal. In British Columbia, on the other hand, the scarcity of drivable streams and the greater size of the logs give rise to methods of operation that are more or less independent of frost, snow, or freshet and are therefore carried on more uniformly throughout the year.

In Eastern Canada logging operations are usually carried on by the mill owners or licensees of timbered lands, often through the medium of contractors, subcontractors, and jobbers. A considerable quantity of lumber is sawn by custom sawmills or small mills purchasing logs from farmers. In British Columbia logging is carried on more frequently as a separate enterprise by limit-holders, who cut and sell logs on the market. In many cases mill operators are not limit-holders but buy their supplies of raw material from logging concerns.

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A Sample of Canada's Extensive Pulpwood Resources.  
*Courtesy, Canadian Geographical Journal  
 and Pulp and Paper Magazine.*





## Value of the Products of Woods Operations, by Products, 1934-38

Products	1934	1935	1936	1937	1938
	\$	\$	\$	\$	\$
Logs and bolts.....	29,115,515	34,077,938	44,827,957	58,004,070	52,759,660
Pulpwood.....	38,302,807	41,195,871	48,680,200	63,057,205	53,761,999
Firewood.....	31,489,524	31,864,500	32,167,410	32,457,629	32,740,566
Hewn railway ties.....	1,541,901	3,188,651	3,190,052	3,129,207	2,222,509
Poles.....	1,091,046	1,359,736	1,563,681	2,455,345	2,824,512
Round mining timber.....	954,059	997,357	1,102,255	1,262,658	1,297,993
Fence posts.....	988,884	976,402	1,008,178	992,610	978,679
Wood for distillation.....	286,847	274,797	274,077	309,892	298,110
Fence rails.....	262,519	266,253	273,282	262,160	264,480
Miscellaneous products.....	1,506,630	1,260,274	1,717,136	1,319,111	1,117,349
<b>Totals.....</b>	<b>105,539,732</b>	<b>115,461,779</b>	<b>134,804,228</b>	<b>163,249,887</b>	<b>148,265,857</b>

## The Lumber Industry

Except in the Maritime Provinces, 90 p.c. of the forest land is still the property of the Crown, the lumbermen having been granted cutting rights only. This land is administered by the various provincial departments. Conifers usually form about 95 p.c. of the total cut of all kinds of wood, only 5 p.c. being deciduous-leaved trees or hardwoods. Douglas fir is the most important kind of lumber sawn, and is produced almost entirely in British Columbia. Spruce is sawn in every province and comes second, with hemlock, white pine, cedar, and yellow birch next in order of importance.

The industry includes products of: sawmills; shingle, tie, lath, shook, stave, heading and hoop mills; and mills for the cutting-up and barking of pulpwood. Sawn lumber produced in 1938 amounted to 3,768,351 M ft. valued at \$72,633,418. Shingles numbered 2,761,978 squares at \$6,894,654, sawn ties 4,699,351 at \$2,344,596, and lath 239,467 M at \$656,320. The gross value of production for the industry as a whole showed a decrease of 11.4 p.c. from the total for 1937.

## Production of Sawn Lumber and All Sawmill Products, 1938

Province	Sawn Lumber Production		Total Sawmill Products
	M ft. b.m.	\$	\$
Prince Edward Island.....	4,525	88,332	116,180
Nova Scotia.....	141,504	2,181,143	2,560,788
New Brunswick.....	223,384	4,619,708	5,414,051
Quebec.....	724,652	15,403,296	19,887,902
Ontario.....	439,397	11,081,402	14,432,476
Manitoba.....	52,190	975,979	1,086,538
Saskatchewan.....	35,753	632,820	651,288
Alberta.....	102,070	1,491,891	1,720,550
British Columbia.....	2,044,876	36,158,847	46,986,133
<b>Totals.....</b>	<b>3,768,351</b>	<b>72,633,418</b>	<b>92,855,906</b>

Markets for Canadian lumber now include practically all the more important countries of the world. Canadian wood enjoys a preference in the British market and the value of Canada's exports of unmanufactured or partially manufactured wood to the United Kingdom has increased from \$4,848,157 in the calendar year 1932 to \$29,664,344 in 1939. Most of the



increase in 1939 over the 1938 figure of \$22,669,304 was accounted for by sawn lumber, the exports of planks and boards amounting to \$25,598,314 in 1939 as compared with \$19,374,453 in 1938.

### **The Pulp and Paper Industry**

The pulp and paper industry in 1938 ranked first among Canadian manufacturing industries in capital, wage and salary distribution, and net value of production. It was second to the non-ferrous smelting and refining group with respect to gross production, and second to the sawmills in employment.

The manufacture of paper was a relatively unimportant industry in Canada until the last two decades of the past century when wood-pulp superseded rags as a raw material. Canada's extensive pulpwood resources and her dependable and widely distributed water powers have been largely responsible for the remarkable development of the industry.

The pulp and paper industry has headed the lists in net value of production since 1920, and in wage and salary distribution since 1922, replacing the sawmills in both cases. It was the first in gross value of production from 1925 (when it replaced the flour mills) until 1935 (when it was overtaken by the non-ferrous metal group). In these comparisons only the manufacturing stages of the pulp and paper industry are considered, no allowance being made for the capital invested, employment furnished, payroll, or production of those operations in the woods which form such an essential part of the industry as a whole.

The gross value of output of the industry increased rapidly and steadily until the boom years following the War of 1914-18 and jumped to a

**Logging in  
British Columbia.**



*Courtesy, Dominion  
Forest Service.*

## CANADA 1941

peak of over \$232,000,000 in 1920. This was followed, in 1921, by a drop which was general throughout the industrial field. From that year on there was a steady recovery resulting in a total for 1929 of \$243,970,761. Figures for more recent years are shown in the following statement:—

	Gross Production	Net Production		Gross Production	Net Production
1930.....	\$215,674,246	\$107,523,731	1935.....	\$159,325,546	\$ 78,647,626
1931.....	174,733,954	87,858,357	1936.....	183,632,995	85,739,406
1932.....	135,648,729	66,855,923	1937.....	226,244,711	106,002,017
1933.....	123,415,492	56,880,641	1938.....	183,897,503	89,034,186
1934.....	152,647,756	77,243,309	1939.....	208,152,295	103,123,660

There are three classes of mills in the industry. These, in 1939, comprised 27 making pulp only, 49 combined pulp and paper mills, and 24 making paper only. In 1939 the 76 mills making pulp produced 4,166,301 tons valued at \$97,131,817, representing an increase of 13·6 p.c. in quantity and an increase of 10·5 p.c. in value from 1938; about 79 p.c. by quantity was made in combined mills and used by them in papermaking. About 4 p.c. was made for sale in Canada and 17 p.c. was made for export. Of the total pulp production in Canada in 1939, 66 p.c. was ground wood, 15 p.c. unbleached sulphite, 10 p.c. bleached sulphite, 7 p.c. sulphate, and the remaining 2 p.c. screenings, etc.

Newsprint made up 81·3 p.c. of the total paper production in 1939; paper boards 11·5 p.c.; wrapping paper 3 p.c.; book and writing paper 2·5 p.c.; and tissue and miscellaneous papers the remainder.

Many Canadian pulp and paper mills not only manufacture basic paper and paper-board stock but also convert this stock into more highly

### Barking and Cleaning Logs in a Canadian Pulp Mill.

*Courtesy, Canadian Government Motion Picture Bureau.*



manufactured products such as napkins, towels, packaged toilet papers, coated and treated papers, boxes, envelopes, stationery, and other cut paper and boards. Figures covering this conversion are not included here.

**Production of Newsprint and Other Paper in Canada, 1933-39**

Year	Newsprint Paper		Total Paper	
	Quantity	Value	Quantity	Value
	tons	\$	tons	\$
1933.....	2,021,965	66,959,501	2,419,420	96,689,875
1934.....	2,604,973	86,811,460	3,069,516	120,892,225
1935.....	2,765,444	91,762,201	3,280,896	129,078,386
1936.....	3,225,386	105,214,533	3,807,329	146,431,934
1937.....	3,673,886	126,424,303	4,345,361	175,885,423
1938.....	2,668,913	107,051,202	3,249,358	151,650,065
1939.....	2,926,597	120,858,583	3,600,502	170,776,062

The Canadian production of paper is still almost four times that of 1917, in spite of the decreases in 1921, 1930, 1931, 1932, and 1938. Practically all the different kinds of paper used in Canada at the present time can be produced in Canadian mills.

Canada's newsprint production in 1939 was over three times that of the United States, a few years ago the world's chief producer.

The latest monthly figures of Canadian newsprint production are:—

1940—	tons	1940—	tons	1940—	tons
January.....	251,032	May.....	323,563	September.....	282,322
February.....	281,823	June.....	315,343	October.....	309,957
March.....	251,279	July.....	332,689	November.....	282,344
April.....	268,947	August.....	316,607	December.....	

For the fiscal year 1939, exports of newsprint amounted to 2,475,399 tons valued at \$107,360,211 and ranked first among the exports of the Dominion.



## CHAPTER VI

### Water Powers of Canada

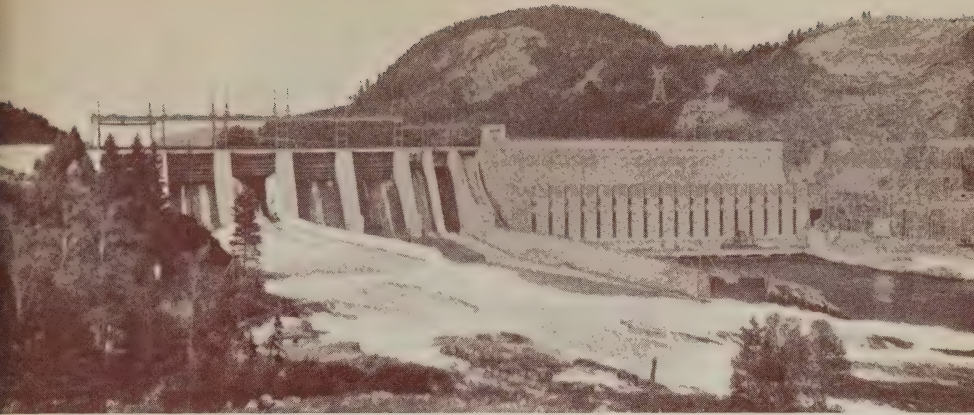
Canada's water powers constitute one of her greatest natural resources. Their development has not only facilitated the growth of industry but has resulted in giving value to marginal products, which, without the low-cost power provided by water, would have remained unmarketable. This low-cost power has also resulted in the creation of entirely new centres of population for the processing of raw materials imported from abroad. So general and widespread is its availability that all but the most isolated hamlets enjoy the amenities of electric lighting, radio, cooking and domestic appliances which in many countries are associated only with the larger urban centres.

Canada's water powers have an estimated capacity of almost 34,000,000 h.p. which, under average conditions of use, will provide for a turbine installation of about 43,700,000 h.p. of which the installation, as at Jan. 1, 1941, represents approximately 19½ p.c.. These water powers, developed and undeveloped, are found from the Maritimes to British Columbia in proximity to all industrial centres, the largest mineral deposits and pulpwood supplies. Widespread transmission networks distribute the power from developed sites to consumers within radii of hundreds of miles.

#### Available and Developed Water Power, by Provinces, Jan. 1, 1941

Province or Territory	Available 24-hour Power at 80 p.c. Efficiency		Turbine Installation
	At Ordinary Minimum Flow	At Ordinary Six-Month Flow	
	h.p.	h.p.	h.p.
Prince Edward Island.....	3,000	5,300	2,617
Nova Scotia.....	20,800	128,300	139,217
New Brunswick.....	68,600	169,100	133,347
Quebec.....	8,459,000	13,064,000	4,320,943
Ontario.....	5,330,000	6,940,000	2,597,595
Manitoba.....	3,309,000	5,344,500	420,925
Saskatchewan.....	542,000	1,082,000	90,835
Alberta.....	390,000	1,049,500	71,997
British Columbia.....	1,931,000	5,103,500	788,763
Yukon and Northwest Territories.....	294,000	731,000	18,199
<b>Canada.....</b>	<b>20,347,400</b>	<b>33,617,200</b>	<b>8,584,438</b>

**Provincial Distribution of Water Power.**—The water powers of the *Maritime Provinces*, while small in comparison with the sites in the other provinces, are a valuable economic resource that is augmented by abundant local coal supplies. *Quebec* has the largest known resources of water power and the greatest development, her present installation is a little more than 50 p.c. of Canada's total. More than 90 p.c. of total installation is operated by central electric station organizations. *Ontario*, which, like *Quebec*, is without local coal supplies, is second in both power resources and development. Here the Hydro-Electric Commission operates plants aggregating more than 67 p.c. of the total



The New LaTuque Power Plant, St. Maurice River, Que.—This photograph, taken in late September, 1940, shows the progress of the new development at that time. The power house is built to accommodate six 44,500-h.p. units, four of which are provided for in the present initial installation.

*Courtesy, Shawinigan Water and Power Company.*

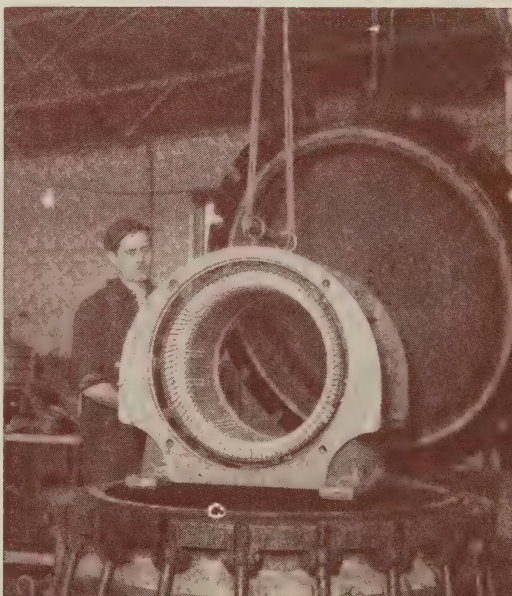
installation of the Province, while an additional 18 p.c. is operated by other central station organizations. Of the *Prairie Provinces*, Manitoba has the greatest power resources and the greatest development, more than 72 p.c. of the total hydraulic development of the three provinces being installed on the Winnipeg River to serve the Winnipeg area and over the transmission network of the Manitoba Power Commission, approximately 135 cities, towns, and villages in southern Manitoba. In the section of the *Prairie Provinces* containing least water power, there are large fuel resources. *British Columbia* ranks fourth in available power resources and her hydraulic development is exceeded in Quebec and Ontario only. The water powers of *Yukon* and the *N.W.T.* are considerable, but present development is limited to mining uses.

**Hydro-Electric Construction During 1940.**—New water-power installations during 1940 aggregated approximately 295,000 h.p. bringing Canada's total installation as of Jan. 1, 1941, to 8,584,438 h.p.

In British Columbia the West Kootenay Power and Light Company completed the installation of two units of 25,000 h.p. each in its Upper Bonnington Falls Station, giving the plant a total capacity of 84,000 h.p. and the Nanaimo-Duncan Utilities Ltd. added a second unit, 750 h.p., to its Millstone River station.

Lowering a Stator into an Impregnating Tank.

*Courtesy, Canadian Geographical Journal.*



No additional installation was made in the Prairie Provinces but the Consolidated Mining and Smelting Company was installing one unit of 4,700 h.p. in its new plant between Prosperous and Blue Fish Lakes, in the Yellowknife gold-mining area in the Northwest Territories. Delivery of power is expected in the spring of 1941.

The South River Electric Company added a 330-h.p. unit to its plant near South River, Ont., and in Quebec the Beauharnois Light, Heat and Power Company added the tenth unit of 53,000 h.p. to its station on the St. Lawrence River 25 miles west of Montreal. The eleventh is planned for operation in February, 1941, and work is proceeding on the twelfth and thirtieth units. The St. Maurice Power Corporation, owned jointly by Brown Corporation and the Shawinigan Water and Power Company, completed its new 178,000-h.p. plant at La Tuque on the St. Maurice River.

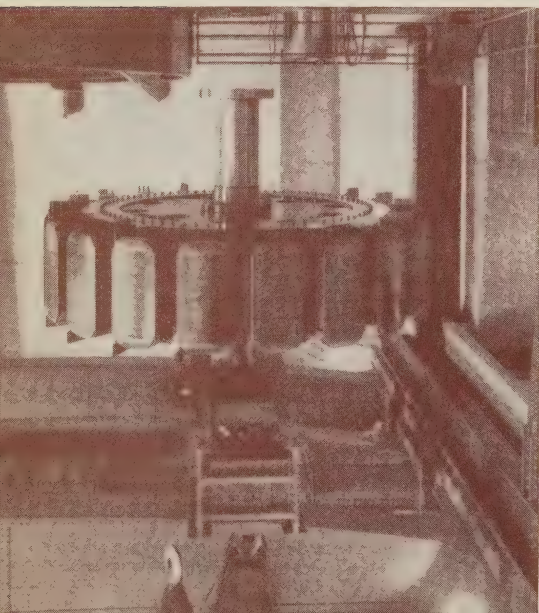
### Central Electric Stations

Over 88.4 p.c. of all water power developed in Canada is developed by central electric stations and, although there are a large number of stations (300) that derive their power entirely from fuels and 40 hydraulic stations that also have thermal auxiliary equipment, 98 p.c. of all electricity generated for sale is produced by water power.

The production of electricity by central electric stations amounted to 5,500,000,000 kilowatt hours in 1919, the first year for which such data are available. Six years later it was almost doubled, by 1928 it had more than trebled, and by 1930 it amounted to 18,000,000,000 kilowatt hours. With continued depression in manufacturing industries the output started to decline late in 1930 and continued into 1933, but from June, 1933, to the end of 1937 there was an almost continuous succession of increases each

month after adjusting for normal seasonal variations. A slump in 1938 in the pulp and paper industry, which takes around 40 p.c. of the total power generated, caused a reduction in the output for that year. The output for May, 1940, at 2,671,567,000 kilowatt hours, was the largest in the history of the industry; an estimate for the year 1940 is 31,113,000,000 kilowatt hours, as compared with the output of 28,351,514,000 kilowatt hours shown for 1939. Only one other country (Norway) has a greater output per capita and only three other countries have greater total outputs irrespective of size. One reason for this large use of electricity produced by central stations is the absence of coal in the central provinces and the large quantities of water power

The Rotor of a 48,500 KVA. Vertical Waterwheel Generator.  
*Courtesy, Canadian Geographical Journal.*





A Welder at Work.—Electric welding has greatly increased the efficiency of the metal-working industry.



Courtesy,  
International  
Nickel Company  
of Canada,  
Limited.

available within transmitting distances of the principal manufacturing centres. The pulp and paper industry has been an important factor in the rapid increase, using around 40 p.c. of the total output. Low rates and reliable service have increased the domestic use for lighting, cooking, water heating and other household uses; the average per capita consumption has risen to 1,393 kilowatt hours per annum, about twice that in the United States where living standards are very similar. Secondary power used in electric boilers, mainly in pulp and paper mills, has increased from a very small quantity in 1924 to over 7,313,000,000 kilowatt hours in 1937, 5,751,000,000 in 1938 and 6,590,378,000 in 1939, but the consumption of firm power, or total output less secondary power for electric boilers and exports to the United States, has also continued to increase and reached a new peak in May, 1940, of 1,941,629,000 kilowatt hours; the index after adjustment for seasonal variation, rose to 256 for August, 1940.

**Average Monthly Output of Central Electric Stations, 1927-40**

Year	From Water	From Fuel	Total	Year	From Water	From Fuel	Total
	'000 kwh.	'000 kwh.	'000 kwh.		'000 kwh.	'000 kwh.	'000 kwh.
1927.....	1,193,481	18,944	1,212,425	1934.....	1,733,810	29,484	1,763,294
1928.....	1,340,292	21,192	1,361,484	1935.....	1,917,958	32,410	1,950,368
1929.....	1,441,203	27,622	1,468,825	1936.....	2,078,739	37,452	2,116,191
1930.....	1,463,330	25,230	1,488,560	1937.....	2,256,779	41,882	2,298,661
1931.....	1,339,907	26,071	1,365,978	1938.....	2,130,006	37,728	2,167,734
1932.....	1,296,360	25,845	1,322,205	1939.....	2,321,815	40,811	2,362,626
1933.....	1,436,486	26,150	1,462,636	1940.....	2,466,448	44,041	2,510,489

<sup>1</sup>Eight-month average.

The rated capacity of electric motors in manufacturing industries in Canada in 1937 was 79.2 p.c. of the total capacity of all power equipment in these industries, the increase from 61.3 p.c. in 1923 being almost

continuous. In the mining industries this conversion to electric drive has been even greater, growing from 57.3 p.c. in 1923 to 79.7 p.c. in 1937. In 1937 almost 84 p.c. of these electric motors in manufacturing industries

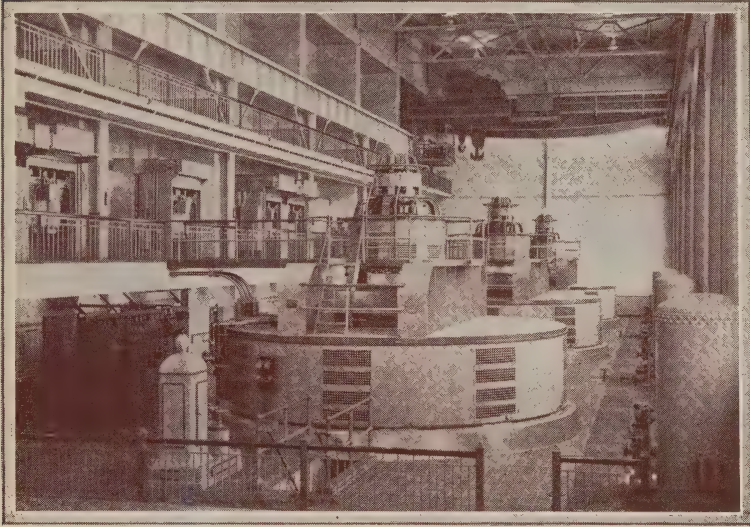


A Large Hydro-Electric Generator being Installed in a Canadian General Electric Station.—The picture gives some idea of the complex engineering task involved.

*Courtesy, Canadian Westinghouse Company, Limited.*

and 85 p.c. in mining industries were driven by power produced in central stations. Mechanical power, particularly electric motors, has been increasing in manufacturing industries much more rapidly than the number of employees during the past decade.

Electricity, principally hydro-electric energy, is displacing coal and oil to heat furnaces, ovens and boilers, and is doing enormous quantities of work in electrolytic refining of metals, production of fertilizers, metal plating, and so forth.



Alexander Power Development, Nipigon River.—Three modern units, aggregating 54,000 horse-power, in the generating room.

*Courtesy, Hydro-Electric Power Commission of Ontario.*

Investments in central electric stations for 1938 amounted to \$1,545,416,592, which was larger than for any manufacturing industry; revenues amounted to \$144,331,627 and 1,559,394 domestic customers were served. These are approximately 60 p.c. of all families in Canada, both urban and rural.



THE OYSTER FISHERIES OF PRINCE EDWARD ISLAND



The lay-out shows: (1) Floats from which the oyster "spat collectors" (concrete egg-crate fillers) are suspended. Oysters settle on these at the swimming stage. (2) Superintendent examining the "collectors" during the period the young oysters are expected to settle. (3) Oyster fishermen "tonging" (fishing) oysters from river beds. (4) Oyster fishermen fishing with "tongs". (5) Method of "cleaning oysters"—removing bits of shell and other marine growth with a small blunt hatchet hammer before packing in barrels for shipping.

*Courtesy, Canadian Government Motion Picture Bureau.*

## CHAPTER VII

### Fisheries of Canada

Canada has perhaps the largest fishing grounds in the world. On the Atlantic, from Grand Manan to Labrador, the coast line, not including the lesser bays and indentations, measures over 5,000 miles. The Bay of Fundy, 8,000 square miles in extent, the Gulf of St. Lawrence, fully ten times that size, and other ocean waters comprise not less than 200,000 square miles or over four-fifths of the area of the fishing grounds of the North Atlantic. In addition there are on the Atlantic seaboard 15,000 square miles of inshore waters controlled entirely by the Dominion. The Pacific Coast of the Dominion measures 7,180 miles in length. Inland lakes contain more than half of the fresh water on the planet; Canada's share of the Great Lakes alone has an area of over 34,000 square miles.

Canada's list of food fishes embraces nearly 60 different kinds, chief among which are the salmon, the lobster, the cod, the herring, the halibut, the whitefish, the haddock, the trout, and the pickerel.

#### The Government and the Fisheries

At the present time the Dominion Government controls all the tidal fisheries except those of the mainland portion of Quebec, the non-tidal fisheries of Nova Scotia, and the fisheries of Yukon and the Northwest Territories. The non-tidal fisheries of New Brunswick, Prince Edward Island, Ontario, the Prairie Provinces, and British Columbia, and both the tidal and non-tidal fisheries of Quebec (except the Magdalen Islands) are controlled by the respective provinces, but the right of fisheries legislation for all provinces rests with the Dominion Government. The fisheries under the control of the Dominion Government are administered by the Department of Fisheries. The main object of legislation has been the prevention of depletion, the enforcement of close seasons, the forbidding of pollutions and obstructions, and the regulation of fishing operations generally. Stations under the direction of the Fisheries Research Board of Canada for the conduct of biological research are established at Halifax, N.S., St. Andrews, N.B., Nanaimo and Prince Rupert, B.C., and in Gaspé County, Que. A marine biological station, chiefly for oyster investigation work, is conducted at Ellerslie, P.E.I., and a substation for salmon investigation at Cultus Lake, B.C. A system is now in operation for broadcasting radio reports as to weather probabilities, bait and ice supplies, and ice conditions along the coast. Educational work is carried on by permanent officers of the Department of Fisheries to instruct the fishermen in various areas as to the best methods of handling and processing their catches, and to bring to the attention of the public the value of fish as a food. By an Act of 1882 (45 Vict., c. 18) provision was made for the distribution among fishermen and the owners of fishing boats of \$150,000 annually in bounties, representing the interest on the amount of the Halifax Award. An Act of 1891 (54-55 Vict., c. 42) increased the amount to \$160,000. Annual expenditure is settled by Order in Council.

By Parliamentary vote moneys have been made available for use by the Department of Fisheries to aid, in co-operation with the provinces concerned, in the re-establishment of needy fishermen. In a further effort

to aid the fishermen, in this case by expanding the demand for their products, large-scale advertising was continued (mainly in the Dominion) by the Department of Fisheries during the fiscal year.

### The Modern Industry

The latter half of the nineteenth century saw the commencement of expansion in the commercial fishing industry of Canada. In 1844 the estimated value of the catch was only \$125,000. By 1900 it had reached a total of \$21,000,000 and the growth continued with little interruption until 1918, when it reached the high record of \$60,000,000. Due to lower prices, the values in later years have been less. In 1939 the value was \$40,072,985 which is the second highest amount recorded since 1930. These figures represent the total value of the fish marketed, whether in a fresh, dried, canned, or otherwise prepared state. The quantity of fish, including shell-fish, caught and landed during the year 1939 was 10,681,318 cwt., compared with 10,741,150 cwt. in the preceding year.

### Fisheries Production, by Provinces, 1914, 1938, and 1939

Province or Territory	Values of Production			Percentages of Total Values		
	1914	1938	1939	1914	1938	1939
	\$	\$	\$	p.c.	p.c.	p.c.
Prince Edward Island.....	1,261,666	930,874	950,412	4.1	2.3	2.4
Nova Scotia.....	7,730,191	8,804,231	8,753,548	24.7	21.7	21.8
New Brunswick.....	4,940,083	3,996,064	5,082,393	15.8	9.9	12.7
Quebec.....	1,924,430	1,957,279	2,010,953	6.2	4.8	5.0
Ontario.....	2,755,291	3,353,775	3,007,315	8.8	8.3	7.5
Manitoba.....	849,422	1,811,124	1,655,273	2.7	4.5	4.1
Saskatchewan.....	132,017	468,646	478,511	0.4	1.2	1.2
Alberta.....	86,720	492,943	430,724	0.3	1.2	1.1
British Columbia.....	11,515,086	18,672,750	17,698,989	36.8	46.1	44.2
Yukon.....	69,725	5,290	4,867	0.2	0.0	0.0
<b>Totals.....</b>	<b>31,264,631</b>	<b>40,492,976</b>	<b>40,072,985</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Lobstering on the Atlantic Coast is second in value only to the salmon fishery of the Pacific. In New Brunswick the canning of sardines, which

### Part of the Famous Lunenburg Fishing Fleet.

*Courtesy, Canadian Government Motion Picture Bureau.*







The Doryman Comes Aboard in the North Atlantic.

*Courtesy, Canadian Geographical Journal.*

are young herring and not a distinct type of fish, exceeds in importance the lobster industry. The fish-canning and -curing industry is connected entirely with the sea fisheries, the plants being scattered along the coasts in locations of easy accessibility to the fishermen in delivering their catches.

### Fisheries Production, by Principal Kinds, 1938 and 1939

(Each over \$1,000,000 in value, and arranged by value in 1939.)

Kind	1938		1939	
	Quantity Caught	Value Marketed	Quantity Caught	Value Marketed
	cwt.	\$	cwt.	\$
Salmon.....	1,766,728	14,992,544	1,501,747	13,409,292
Lobster.....	314,385	3,793,219	314,065	3,782,325
Herring.....	2,533,677	2,487,231	3,364,530	3,780,297
Cod.....	1,702,023	3,335,231	1,635,505	3,234,059
Sardine.....	368,900	1,393,129	634,170	2,300,818
Halibut.....	162,540	1,789,444	184,734	2,117,712
Whitefish.....	154,244	1,650,347	164,619	1,722,342
Haddock.....	393,589	1,361,992	385,155	1,357,064

### Capital Invested and Employees Engaged in the Fisheries, 1937-39

Item	1937	1938	1939
<b>Capital</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Vessels, boats, nets, traps, etc.....	26,796,379	26,598,944	25,844,436
Fish-canning and -curing establishments.....	18,130,385	21,962,498	21,479,200
<b>Totals, Capital.....</b>	<b>44,926,764</b>	<b>48,561,442</b>	<b>47,323,636</b>
<b>Employees</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
On vessels and boats, and in fishing without boats.....	69,981	71,510	68,941
In fish-canning and -curing establishments.....	14,044	14,484	14,805
<b>Totals, Employees.....</b>	<b>84,025</b>	<b>85,994</b>	<b>83,746</b>



A 700-ton Catch of Pilchard Loaded on Scows.

*Courtesy, Canadian Geographical Journal.*

The salmon fishery of British Columbia gives to that province first place in respect to value of production, the position which in earlier times belonged to Nova Scotia on account of her cod fishery. Nova Scotia is now second with regard to value of output, with New Brunswick third and Ontario fourth.

### Salmon Pack of British Columbia, by Species, 1935-39

(Standard cases of 48 lb.)

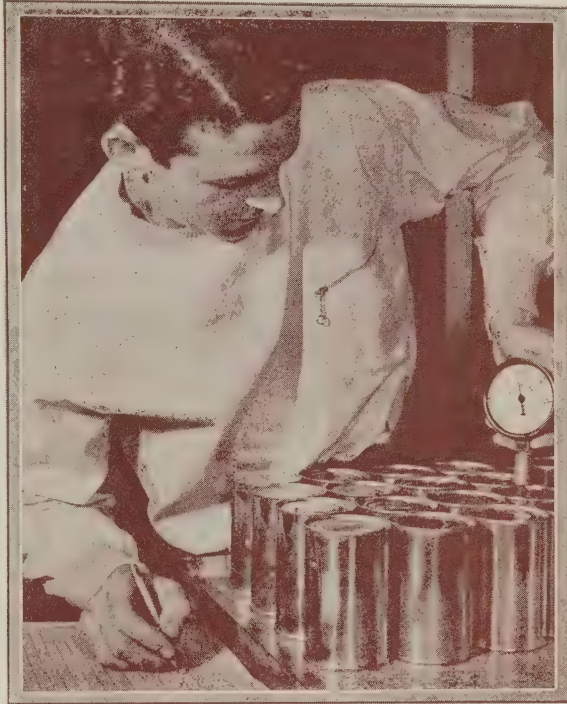
Species	1935	1936	1937	1938	1939
	cases	cases	cases	cases	cases
Sockeye.....	350,444	415,024	325,774	447,453	269,888
Spring, red.....	10,187	16,493	10,963	10,276	10,302
Spring, pink.....	3,114	2,527	1,788	2,322	2,848
Spring, white.....	8,619	10,834	3,420	2,933	2,947
Blueback.....	15,319	33,718	19,236	27,417	48,209
Steelhead.....	596	1,068	844	1,035	797
Coho.....	216,173	212,343	113,972	273,706	196,887
Pink.....	514,966	591,532	585,576	400,876	620,595
Chum.....	410,604	597,487	447,602	541,812	386,584
<b>Totals.....</b>	<b>1,530,022</b>	<b>1,881,026</b>	<b>1,509,175</b>	<b>1,707,830</b>	<b>1,539,057</b>

**Export Trade in Fish.**—In view of the immense quantity of fish taken annually by Canadian fishermen, the trade must depend to a large extent upon the foreign market as an outlet for the product. From 60 to 70 p.c. of the annual catch is an average export, of which the United States takes approximately one-half and the United Kingdom one-fourth. In the

calendar year 1939, total exports amounted to \$29,641,232, of which \$13,661,128 went to the United States and \$8,718,246 to the United Kingdom.

The most important single export is canned salmon followed by fresh lobster, fresh salmon, fresh whitefish, canned lobster and dried cod. The United States is the chief market for fresh fish, although the United Kingdom takes considerable quantities of salmon and halibut, classified as fresh and frozen.

Testing Vacuum in Cans of Salmon at the Inspection Laboratory of the Department of Fisheries, Vancouver.—All British Columbia canned Salmon must be submitted for inspection.



*Courtesy, Canadian  
Government  
Motion Picture  
Bureau.*

The first year of war appears to have affected favourably Canada's trade in fish and fishery products, even though such exports to certain belligerent countries ceased at the outbreak of war. In the eight months ended Aug. 31, 1940, the total value of exports shows an increase of \$2,000,000 over the corresponding period of 1939. The value of exports to the United Kingdom advanced by more than \$1,000,000, and many other British Empire countries also took more fishery products from Canada. The exports to the United States show an increase in total value of over \$1,000,000.





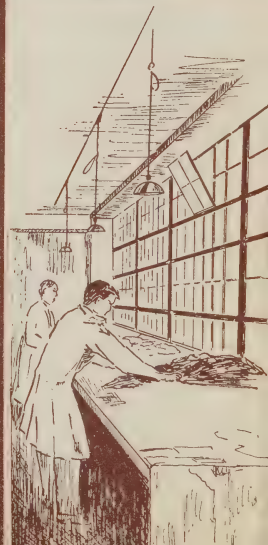
New Brunswick  
Provincial Pelt Show  
1939.



*Courtesy,  
Department of  
Agriculture,  
New Brunswick*



Displays of  
High Quality  
Platina and  
Silver Foxes.



## CHAPTER VIII

### Fur Resources of Canada

The fur trade of Canada which, in the early days, dominated all other pursuits and led to the exploration and the eventual settlement of the country, is still of immense importance. The advance of agricultural settlement, lumbering, and mining has driven fur-bearing animals farther and farther afield, and this expulsion from their former range, combined with the improved methods now used in the capture of the animals, has caused serious depletion in the numbers of the various kinds. To deal with this loss the various Provincial Governments, in co-operation with the Dominion authorities, have inaugurated a policy of conservation, and have passed laws under which provision is made for close seasons, for the licensing of trappers and traders, for the collection of royalties on pelts, and for the regulation of the methods to be employed in trapping the animals. The annual value of the raw-fur production of Canada shows no decline, but this is due to the fur-farming industry, which now supplies nearly all of the silver fox and about 40 p.c. of the mink pelts.

**Trends in Production.**—The value of Canada's raw-fur production in the year ended June 30, 1939, showed an increase over the preceding season of 8 p.c. The total production comprises pelts taken by trappers and pelts sold from fur farms, the value of the latter representing approximately 40 p.c. of the whole.

Silver fox, almost entirely a product of the fur farms, held first place in order of value, followed by mink, while muskrat was third. The number of silver-fox pelts produced was greater than in any previous season, but the average price was the lowest in the history of the industry. Mink pelt production has, due to the advancement of mink farming, mounted rapidly during the past few years. Compared with the preceding year there was an increase of 80,619, and an increase in value of \$703,187. It is estimated that 40 p.c. of the number of mink pelts and 50 p.c. of the total value represent the sales from fur farms. The total number of pelts of all kinds was 6,492,222, compared with 4,745,927 in the season 1937-38, muskrat and squirrel accounting for the greater part of the increase.

Ontario with \$2,538,658 and Quebec with \$2,230,280 were the leading provinces with respect to value of raw-fur production. New Brunswick, Alberta, P.E. Island, the N.W.T., Manitoba, and British Columbia followed in order, each with a value of over a million dollars. Saskatchewan's product was valued at \$983,447 and that of Yukon at \$267,721.

**Numbers and Values of Pelts Taken, Seasons 1926-27 to 1938-39**

Season	Pelts	Total Value	Season	Pelts	Total Value
	No.	\$		No.	\$
1926-27.....	4,289,233	18,864,126	1933-34.....	6,076,197	12,349,328
1927-28.....	3,601,153	18,758,177	1934-35.....	4,926,413	12,843,341
1928-29.....	5,150,328	18,745,473	1935-36.....	4,596,713	15,464,883
1929-30.....	3,798,444	12,158,376	1936-37.....	6,237,640	17,526,365
1930-31.....	4,060,356	11,803,217	1937-38.....	4,745,927	13,196,354
1931-32.....	4,449,289	10,189,481	1938-39.....	6,492,222	14,286,937
1932-33.....	4,503,558	10,305,154			

An important adjunct of the fur trade is the industry of fur dressing and fur dyeing. The work is chiefly on a custom basis; the furs are treated for owners at a certain charge per pelt. The number of plants engaged in treating furs in the calendar year 1938 was 14, the number of skins treated 4,197,079, and the amount received for the work \$1,318,819. Rabbit and muskrat were the principal kinds of fur treated, numbering 1,318,904 and 1,374,930, respectively. There is also the fur goods industry, which supplies practically the entire quantity of fur goods—coats, scarves, muffs, caps, gauntlets, etc.—consumed in the Dominion. This industry, chiefly centred in Quebec and Ontario, had in 1938 a total of 366 establishments, provided employment for 3,500 persons, paid in salaries and wages \$4,015,775, and produced goods to the value of \$16,012,245.

**Fur Farming.**—In the early days of the fur trade it was the practice in Canada for trappers to keep foxes caught out of season alive until the fur was prime, and from this custom has arisen the modern industry of fur farming.

Silver fox was the first important commercial fur bearer successfully raised in captivity and it remains of greatest importance. With increased interest in fur farming came a large demand for foxes to be used as foundation stock in newly established ranches and fabulous prices were obtainable for the live animals, but as larger numbers of foxes became available for sale, prices naturally declined. By 1938 the number of fox farms had mounted to 8,073, with a total of 141,000 foxes, of which 137,819 were classified as "silver". The demand for live foxes is not as great as in the earlier years when fur farming was in course of establishment, but there is an ever-present market for furs. In 1938 the value of the pelts sold represented 89 p.c. of the total revenue in that year.

Two new types of fox, "platinum" and "white-face", are attracting much attention, and large sums have been received for pelts. Both kinds are regarded as colour phases of the silver fox, having come originally from freak foxes in litters of silvers.

Second in importance to the silver fox is the mink. The number of minks on farms at the end of 1938 was 106,283, 23 p.c. below the number of silver foxes. The high prices obtainable for fisher and marten pelts have encouraged efforts to raise these animals in captivity and, although the work is still in an experimental stage, a moderate amount of success has been obtained. A recent addition to the industry is the valuable chinchilla. Records for 1938 show 60 chinchillas with a value of \$96,000.

The Dominion Department of Agriculture conducts, at Summerside, Prince Edward Island, an experimental fur farm for the study of matters affecting the health of fur-bearing animals, especially the silver fox, in



Ermine in  
Native Habitat.



captivity. The Department has, in addition, organized a service to assist in the marketing, both at home and abroad, of the pelts of Canadian fur bearers. Several provincial government departments also have branches whose activities are for the benefit of the fur-farming industry.

*Statistics of Fur Farming.*—The number of fur farms in operation in Canada in 1938 was 10,454, an increase over the preceding year of 1,275, or 14 p.c. The total includes 8,073 fox farms, 2,222 mink farms, and 159 farms of other types such as raccoon, marten, fisher, etc.

The value of fur-farm property was \$16,860,196, of which \$7,930,692 was credited to the land and buildings and \$8,929,504 to the fur-bearing animals. The number of fur-bearing animals (exclusive of muskrat and beaver, for which information is not available) born in captivity each year has been mounting steadily and for 1938 amounted to 431,508, an increase over 1937 of 77,433. Silver fox and mink accounted for 98 p.c. of the total. Compared with the preceding year the number of silver foxes born showed an increase of 15,193 or 6 p.c., and the number of minks an increase of 62,519 or 58 p.c. The value of the live fur-bearing animals sold from the farms during the year was \$730,074, a decrease from the preceding year of \$300,814, or 29 p.c.

Silver fox pelt sales from the farm continue to advance, but the average price per pelt has receded steadily during the past few years. In 1938 the silver fox pelts sold numbered 229,452 compared with 196,436 in the preceding year, while the total value was \$4,508,767 compared with \$5,019,487. The number of mink pelts sold was 105,292 compared with 54,819, and the value \$1,156,062 compared with \$681,475. The value of silver fox and mink pelts, combined, represents 98 p.c. of the total for all kinds sold from the farms. In 1938 the sale of pelts brought to the fur farmer the total amount of \$5,752,742, a decrease from the preceding year of \$26,756.

**Young Beaver at Home.**

*Courtesy, Hudson's Bay Company.*



## FUR TRAPPING



Trapper's Cabin.

Trapper Starting  
Out to Inspect  
Traps.



Trapper Baiting  
and Setting a  
Trap.

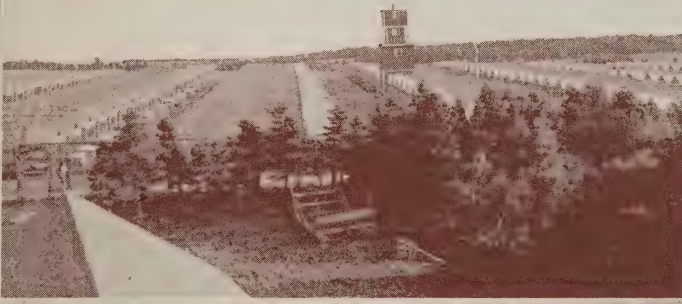
*Courtesy, Canadian  
Government Motion  
Picture Bureau.*

The above layout shows certain phases of the trapping industry. In spite of the rapid development of Canada in the early twentieth century and the improvements in transportation and settlement which have resulted therefrom, the trapping industry in northern Canada taps a very important resource. The trade has gradually retreated to less accessible territory, and in recent times, the developments of mining on a large scale over the Precambrian Shield has forced the trapper still farther north. On the other hand, the decline of the fur resources has been accompanied by an increased demand, higher prices, and the development of fur farming. The belt of northern Canada which includes the whole of the Northwest Territories, the northern parts of the Prairie Provinces, and extends through northern Ontario and Quebec into the Maritimes, remains one of the world's few natural reservoirs for fine furs.

FUR FARMING



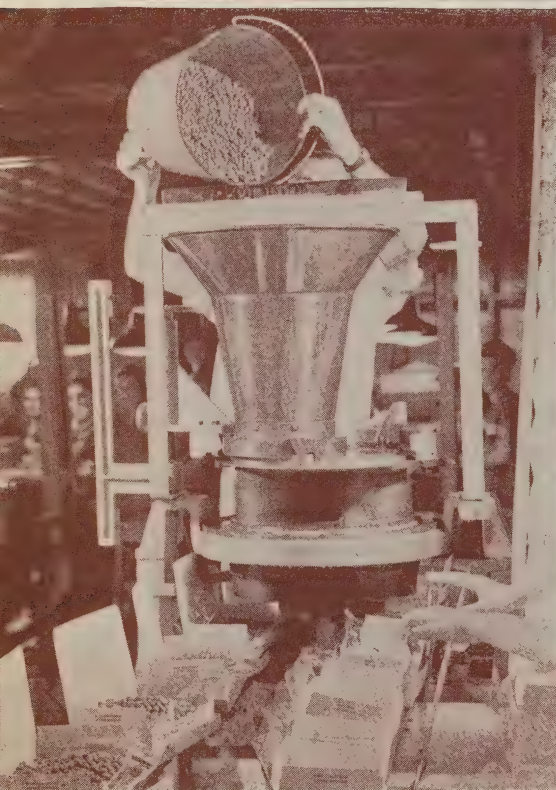
The pictures show portions of "Swissvale" Fox Ranch, Southport, P.E.I. Inset at left: A fine specimen of Canadian silver black fox.



*Courtesy, Canadian Government Motion Picture Bureau.*

**Export Trade in Furs.**—The chief markets for Canadian furs are London and New York; the trade tables for the year ended June 30, 1939, show that of the total of \$14,288,568 worth of raw furs exported, the United Kingdom received \$8,436,144 and the United States \$5,087,038. Some years ago Montreal took a position as an international fur market, holding the first Canadian fur auction sale in 1920. At the sales held in Montreal during the season 1938-39 the pelts sold numbered 1,299,695, while the value amounted to \$3,917,453. Fur auction sales are held also at Winnipeg, Edmonton, and Vancouver.





**MODERN  
QUICK FREEZING  
OF VEGETABLES,  
FRUITS AND MEATS**



*Top.*—Fresh green peas being examined for defects.

*Centre.*—Filling the heavily waxed cardboard cartons lined with waterproof cellophane.

*Right.*—The packaged foods are frozen solid between aluminium plates in the freezer.

## CHAPTER IX

### Manufactures of Canada

The present century has witnessed the chief forward movement in Canadian manufactures, mainly as the result of two great influences: first, the opening up of the West, which greatly increased the demand for manufactured goods of all kinds and especially construction materials; and secondly, the first World War, which left a permanent imprint upon the variety and efficiency of Canadian plants. By 1920, the gross value of Canadian manufactured products was no less than \$3,693,000,000, the capital invested \$2,915,000,000, and the number of employees 591,753. Hundreds of millions of capital had been attracted from outside (see Chapter XV) in achieving this striking result.

To-day, the manufacturing industries of Canada stand on the threshold of a new era in their development. The demands created by the present War, owing to Canada's strategic position as a source of food supply and armaments, is bound to have far-reaching effects on the magnitude and diversification of Canadian manufacturing production. Fortunately, Canadian manufacturers are well equipped to undertake the huge task that they are called upon to perform.

#### Historical Summary of Statistics of Manufactures, 1870-1938

Year	Estab- lish- ments	Capital	Em- ployees	Salaries and Wages	Cost of Materials	Net Value of Products <sup>1</sup>	Gross Value of Products
	No.	\$	No.	\$	\$	\$	\$
1870.....	41,259	77,964,020	187,942	40,851,009	124,907,846	96,709,927	221,617,773
1880.....	49,722	165,302,622	254,935	59,429,002	179,918,593	129,757,475	309,676,068
1890.....	75,964	353,213,000	369,595	100,415,350	250,759,202	219,088,594	469,847,886
1900 <sup>2</sup> .....	14,650	446,916,487	339,173	113,249,350	266,527,858	214,525,517	481,053,375
1910 <sup>3</sup> .....	19,218	1,247,583,603	515,203	241,008,416	601,509,018	564,466,621	1,165,975,639
1920 <sup>3</sup> .....	22,157	2,914,518,693	591,753	711,080,430	2,083,579,571	1,609,168,808	3,692,748,379
1923 <sup>3</sup> .....	22,216	4,004,892,009	666,531	777,291,217	2,029,670,813	1,755,386,937	3,883,446,116
1933 <sup>3</sup> .....	23,780	3,279,259,838	468,658	436,247,824	967,788,928	919,671,181	1,954,075,785
1934 <sup>3</sup> .....	24,206	3,249,348,864	519,812	503,851,055	1,229,513,621	1,087,301,742	2,393,692,729
1935 <sup>3</sup> .....	24,034	3,216,403,127	556,664	559,467,777	1,419,146,217	1,153,485,104	2,653,911,209
1936 <sup>3</sup> .....	24,202	3,271,263,531	594,359	612,071,434	1,624,213,996	1,289,592,672	3,002,403,814
1937 <sup>3</sup> .....	24,834	3,465,227,831	660,451	721,727,037	2,006,923,787	1,508,924,867	3,625,459,500
1938 <sup>3</sup> .....	25,200	3,485,683,018	642,016	705,668,589	1,807,478,028	1,428,286,778	3,237,681,366

<sup>1</sup> For and since 1929 the figures for the net value of production represent the gross value less the cost of materials, fuel and electricity. Prior to this, only the cost of materials is deducted. <sup>2</sup> Includes all establishments employing five hands or over. <sup>3</sup> Includes all establishments irrespective of the number of employees but excludes construction, and custom and repair work.

The rise in manufacturing production that commenced during the summer of 1933 continued with increasing force to the spring of 1938. As a result of this continuous rise, the gross value of products in 1937 was

only 6.7 p.c. below that of 1929; employment 0.9 p.c. lower and salaries and wages paid 7.1 p.c. below the 1929 level. The drop in the gross value of products, 1929-38, was due mainly to a drop of 16.0 p.c. in the wholesale prices of manufactured products. Although the number of employees in 1937 was still below the 1929 level, the physical volume of goods produced was, however, the highest on record, exceeding by 7.4 p.c. the previous peak attained in 1929.

Manufacturing production in 1938 declined slightly from the level reported in 1937. Compared with the previous year there were decreases of 7.9 p.c. in the gross value of production, 2.8 p.c. in the number of persons employed and 2.2 p.c. in the amount of salaries and wages paid.

### Industries, by Provinces and Purpose Groups

Among the manufacturing groups analysed on a purpose classification basis, and judged by gross value of production, the producers materials group, which includes manufacturers and building materials, ranked first in 1938 with 31.6 p.c. of the total value of manufactured products. The industries manufacturing food products came second with 23.3 p.c. of the total, followed by the industrial equipment group with 15.2 p.c., vehicles and vessels 8.4 p.c., clothing industries 7.5 p.c., drink and tobacco 4.8 p.c. In the paragraphs following, a short review will be given of the three groups of industries most likely to feel the effects of the increased demands occasioned by the present war.

### Census of Manufactures, by Provinces and Purpose Groups, 1938

Province or Group	Estab-lish-ments	Capital	Em-ployees	Salaries and Wages	Cost of Materials	Net Value of Products <sup>1</sup>	Gross Value of Products
Province	No.	\$	No.	\$	\$	\$	\$
P.E.I.....	229	2,652,783	1,041	582,725	2,379,543	1,131,902	3,570,667
N.S.....	1,102	91,393,782	16,810	15,570,669	39,703,367	31,375,251	74,860,605
N.B.....	826	81,965,576	13,967	13,177,238	31,578,262	23,865,877	58,570,952
Que.....	8,655	1,146,235,084	214,397	213,390,084	518,430,815	428,614,079	983,123,599
Ont.....	9,883	1,676,896,175	311,274	362,351,277	909,958,721	757,620,632	1,712,496,421
Man.....	1,072	114,367,743	23,507	27,195,923	80,447,740	48,308,248	131,770,280
Sask.....	678	38,364,021	6,123	6,988,061	43,437,556	16,143,135	61,027,853
Alta.....	970	69,192,348	12,684	14,367,789	54,345,594	30,755,626	86,675,500
B.C. and Yukon.....	1,785	264,615,506	42,213	52,044,823	127,196,430	90,471,828	225,585,489
<b>Totals.....</b>	<b>25,209</b>	<b>3,485,683,018</b>	<b>642,016</b>	<b>705,668,589</b>	<b>1,807,478,028</b>	<b>1,428,286,778</b>	<b>3,337,681,366</b>
Purpose Group							
Producers materials..	7,097	1,513,279,525	197,419	217,719,784	537,249,412	454,401,035	1,054,563,077
Food.....	8,747	432,145,127	97,455	98,044,992	537,923,355	229,154,605	778,760,610
Industrial equipment.	2,155	626,649,226	93,082	115,089,654	249,033,856	243,718,179	507,219,480
Vehicles and vessels	369	254,601,088	53,689	69,944,736	155,932,759	120,202,232	280,605,066
Clothing.....	2,167	168,618,083	92,564	77,877,678	131,546,849	117,286,030	250,710,111
Drink and tobacco....	681	189,548,588	22,809	26,247,061	75,221,662	84,349,099	161,433,189
Books and stationery..	2,432	138,814,691	41,264	55,053,531	44,848,474	92,762,965	139,407,239
House furnishings and equipment..	750	87,071,593	26,303	26,414,078	36,966,223	42,372,987	80,935,597
Personal utilities.....	624	41,767,523	12,106	12,816,968	25,009,093	27,326,565	53,025,074
Miscellaneous	178	33,187,574	5,325	6,460,107	13,746,345	16,713,081	31,021,923

<sup>1</sup> Gross value less cost of materials, fuel, and electricity.



**Food Industries**

To supply the daily needs of the Canadian people for food is a huge task requiring the labour of many people and an organization that is world-wide in its ramifications. Some of the leading industries in this group with their gross values of production in 1938 were as follows:—slaughtering and meat packing, \$175,767,382; butter and cheese, \$127,659,343; flour and feed mills, \$122,598,168; bread and other bakery products, \$78,535,333; biscuits and confectionery, \$49,717,409; fruit and vegetable preparations, \$47,821,350; sugar, \$41,392,096; fish curing and packing, \$27,949,208; coffee, tea, and spices, \$26,628,880; miscellaneous foods, \$16,478,413; condensed milk, \$13,190,013; and breakfast foods, \$10,892,202. A brief review of the more important of these industries follows.

**Slaughtering and Meat Packing.**—Slaughtering and meat packing is the leading industry of the food group. In 1938 its output was valued at \$175,767,382; it furnished employment to 12,503 persons who were paid \$16,596,710 in salaries and wages. About \$116,000,000 was paid out by packers for live stock. Of the 145 establishments, 38 contributed 89 p.c. of the total output, while 7 of the largest plants had an average production of about \$12,000,000. The same is true of employment. Thirty-eight plants reported 88 p.c. of the total number of persons employed, while the seven largest plants averaged 786 employees each. This industry contributes materially to the foreign trade of Canada. The exports in 1938 totalled \$43,593,843, the principal single item comprising "bacon and hams, shoulders and sides". Imports in 1938 were \$11,101,603 and consisted chiefly of hides and skins, sausage casings, gelatine, wool and meat.

**Dairy Products.**—Manufacturing statistics of dairy production are given in the chapter on Agriculture at pp. 65-68.

**Flour Milling.**—The flour-milling industry with an output valued at \$122,598,168 in 1938 is one of the leading industries of the group from the point of view of gross value of production. The War of 1914-18 gave a great impetus to this trade. The 328 flour mills, as distinguished from feed mills, many of them of the most modern type and highest efficiency, have a capacity far in excess of Canada's demands. Since 1928, this industry has been adversely affected by the difficulties that have beset the Canadian grain trade and the decline in the prices of grains. Exports of wheat flour declined from 10,737,266 barrels in 1928 to 3,911,886 barrels in 1938 but in spite of the decrease Canada continues to be one of the leading exporters of wheat flour.

The flour-milling industry has a tremendous capacity to produce whatever flour may be needed under present war conditions. In 1938, the maximum daily capacity of the mills was 102,156 barrels per day of 24 hours, or an annual capacity of over 37,000,000 barrels. Even if the industry were to work only at 75 p.c. of its capacity, over 27,000,000 barrels of flour could be produced. Such a production would allow for an export of about 17,000,000 barrels per annum, an increase of 13,000,000 barrels over the quantity exported in 1938.

**Canned Foods.**—The development in the production of canned foods in Canada has shown a remarkable expansion since the beginning of the twentieth century. In 1900 the total value did not exceed \$8,250,000, but by 1930 it had increased to more than \$55,000,000, or six and one-half times

as much. In 1933 the value of production dropped to \$33,000,000, and rose again to \$63,000,000 in 1938. Fruits and vegetables of many kinds, retaining much of their original freshness and flavour, are to be had at all times of the year. Producers in the country are provided with an enormously extended market, and consumers in both city and country with cheap and wholesome food in great variety. The consumer also enjoys protection by the inspection services of the Department of Agriculture and the Department of Fisheries.

### Quantity and Value of Principal Foods Canned in Canada, 1938

Product	Quantity	Value
Fish..... lb.	106,922,871	16,187,780
Fruits..... case	2,018,554	3,132,644
Vegetables..... "	8,710,103	14,519,963
Meats..... lb.	5,095,900	1,168,206
Soups..... case	3,125,432	7,742,625
Concentrated milk products..... lb.	157,923,893	11,844,817
Other foods.....	-	8,737,601
<b>Total.....</b>	<b>-</b>	<b>63,333,636</b>

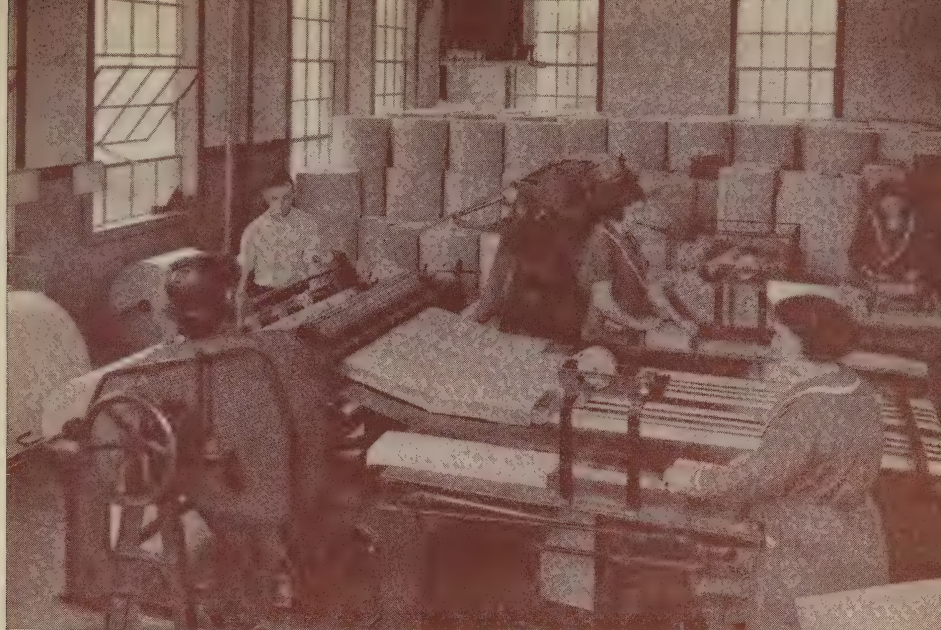


**The Manufacture of Aluminum Utensils.—**  
Inspecting aluminum "circles" or blanks used in making cooking utensils and a workman spinning a pail from a "circle" of aluminum. The manufacture of domestic utensils of aluminum has been widely carried on in Canada, but the exigencies of war have restricted such uses for aluminum and the metal has now been directed to more vital needs of Empire defence, especially aeroplane construction.

*Courtesy, Aluminum Company of Canada, Limited.*







Paper Towels being Interfolded.

*Courtesy, Canadian Geographical Journal.*

### **Textile Industries**

The need for clothing and equipment for Canada's suddenly and greatly enlarged armed forces has thrown a heavy burden upon the textile industries. In general, production facilities have shown themselves capable of co-operating efficiently in the War effort, and many concerns are devoting their entire production to requirements of this kind.

The textile industries are, to a high degree, centralized in the Provinces of Quebec and Ontario. In 1938 the gross value of production was \$346,215,005, employment was given to 115,745 persons, and \$99,275,365 was paid out in salaries and wages. It is also worthy of note that of all females employed in the manufacturing industries, 42 p.c. were to be found in the industries making up the textile group.

The variety of individual industries contained within the textile group is representative of practically all of the stages of manufacturing necessary to convert the various raw materials into products ready for purchase by the public. Yarn is spun, and fabrics and goods are woven and knitted. Factory production of clothing is on such a considerable scale that in 1938 the men's factory clothing industry led the group with a gross value of production amounting to \$64,303,613, and was followed closely by the women's factory clothing industry. Some other leading industries, in the order named, were: cotton yarn and cloth; hosiery and knitted goods; silk and artificial silk; and woollen cloth. The remarkable expansion of the silk and artificial silk industry during a comparatively short period of time, and which was continuous throughout the depression years, makes this an important member of the group, with a production valued at \$23,871,992.





A Shell Blank in the Furnace Before Going Through the Punch Press.

*Courtesy, Bureau of Public Information.*

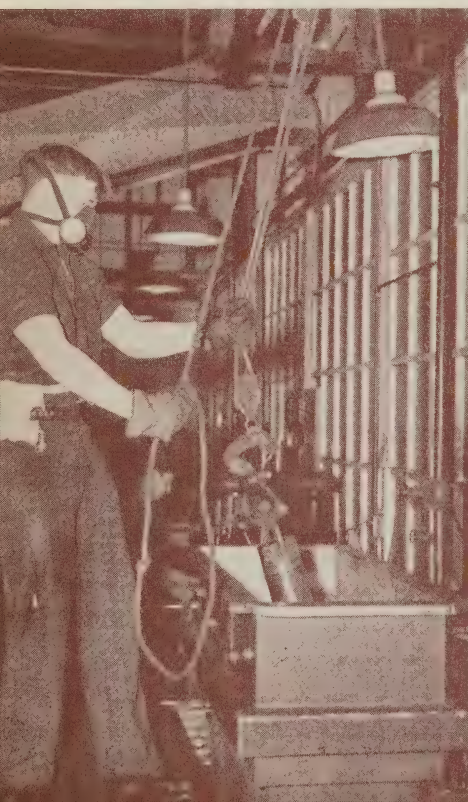
### Iron and Steel Industries

The iron and steel industries account annually for about 17 p.c. of all factory output in the Dominion and for about 19 p.c. of factory employment. In 1938 the gross output value for the 1,391 establishments in this group was \$548,801,929 and the number of employees, 121,235.

Pig-iron production totalled 755,731 long tons in 1939, a gain of 7 p.c. over 1938. Only 4 companies operate iron-ore blast furnaces in Canada. These plants have a capacity of 1,500,000 tons per year. The record production was in 1929 when 1,080,160 tons were made.

Lowering a Shell into the Acid to Remove the Coating of Grease.

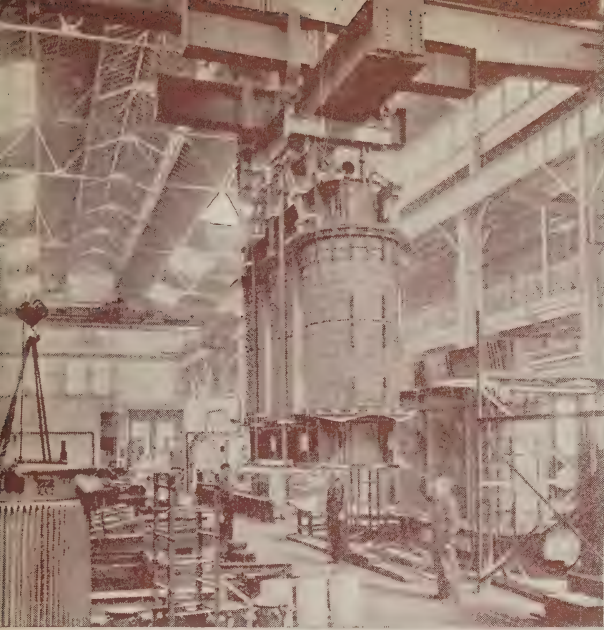
*Courtesy, Bureau of Public Information.*



In 1939 alone the imports of iron ore totalled 1,764,844 tons, of which about 68 p.c. was from the United States for use in Ontario and about 30 p.c. from Newfoundland for use in Nova Scotia; the remaining 2 p.c. came from Brazil and Sweden.

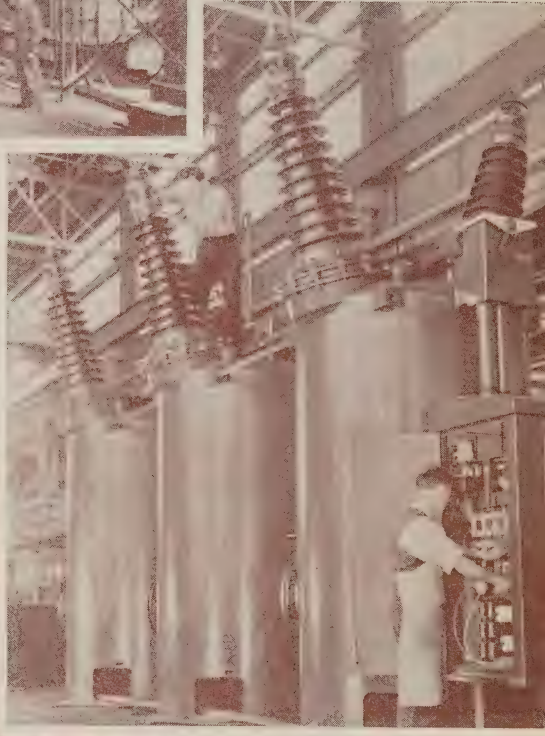
Some domestic ore (45,152 tons) was used in Canada's iron furnaces in 1939, shipments having begun from the new sintering plant at the new Helen Mine. Development work continued at the newly discovered iron-ore deposits at Steep Rock Lake but no commercial shipments were made during 1939.

Production of steel ingots and castings in 1939 totalled 1,384,870 tons including 1,330,408 tons of ingots and 54,462 tons of castings. Steel furnaces operated at about 68 p.c. of capacity. The record output of steel was in 1918 when 1,672,954 tons were produced.



Two 50-ton Cranes Handling the Core and Coils of a 25-cycle 25,000 KVA. Transformer.

Circuit Breaker Set Up for Test.



Fabricating a Tank for a Type of OAPT 25-cycle KVA. Transformer.

*Courtesy, Canadian General Electric Company, Limited.*

Rolled products such as billets, rails, bars, wire rods, plates, etc., are now made in 16 different mills, the value of output amounting to \$58,978,429 in 1939. Recent additions to the products made in these works include heavy structural shapes, plates up to 42 inches in width and tin plate, all of which were previously imported in large quantities. Special attention has been given to alloys and special steels and Canadian mills are now able to supply practically all of the domestic requirements of these materials.

Among the secondary or fabricating groups, the automobile industry is most important, production of cars and trucks in 1939 amounting to 155,426 units valued at \$99,173,916 at factory prices. Canadian-made cars are shipped to all parts of the world, exports in 1939 amounting to 58,503 in number and \$22,551,011 in value.

The manufacture and maintenance of railway cars and locomotives ranked next to automobiles in output value and led all iron and steel industries in the number of persons employed. The 37 establishments in this group reported gross production in 1938 at \$80,977,701 and the number of employees at 19,358.

Output values for other industries in this group were as follows in 1938: sheet metal products, \$46,266,684; farm implements, \$21,299,185; automobile parts, \$36,980,424; machinery, \$48,272,442; castings, \$35,460,962; wire and wire goods, \$20,605,207; shipbuilding, \$11,171,416; boilers and engines, \$10,840,220; heating and cooking apparatus, \$14,069,018; hardware and tools, \$19,085,007; aircraft, \$6,927,105; and bridge and structural steel work, \$14,817,901.

### **Leading Individual Industries**

The industries based on mineral resources have taken their place among the leading manufactures of Canada along with the industries based upon forest, and agricultural (including live-stock) resources.

The pulp and paper industry, although of comparatively recent development, had, by 1923, displaced flour milling as Canada's most important manufacturing industry and, in spite of recent vicissitudes, held that position up to 1935 when it was displaced by the non-ferrous metal smelting and refining industry. In employment, and salaries and wages paid, however, pulp and paper is still the leading industry.

The incidence of the depression resulted in a rearrangement in the rank of many industries that has already proved temporary in some cases. The suspension of capital expenditures, a serious factor in the depression, greatly reduced the output of such important industries as sawmills, electrical equipment, automobiles, railway rolling-stock, primary iron and steel, machinery, etc. On the other hand, demand for goods for immediate consumption was more stable, especially in such industries as petroleum products, bakeries, cotton yarn and cloth, printing and publishing, clothing, tobacco, beverages, etc. However, as previously stated, some return to the pre-depression order of importance is in evidence. Comparing the rankings for 1933 with those for 1938, it may be noted that automobiles came up from eleventh to sixth place, sawmills from fourteenth to eighth, electrical equipment from sixteenth to ninth; cotton yarn and



## MANUFACTURES

cloth, and bread and other bakery products, which appeared in eighth and seventh places, respectively, in 1933, dropped back again to seventeenth and eleventh.

### Principal Statistics of Fifteen Leading Industries, 1938

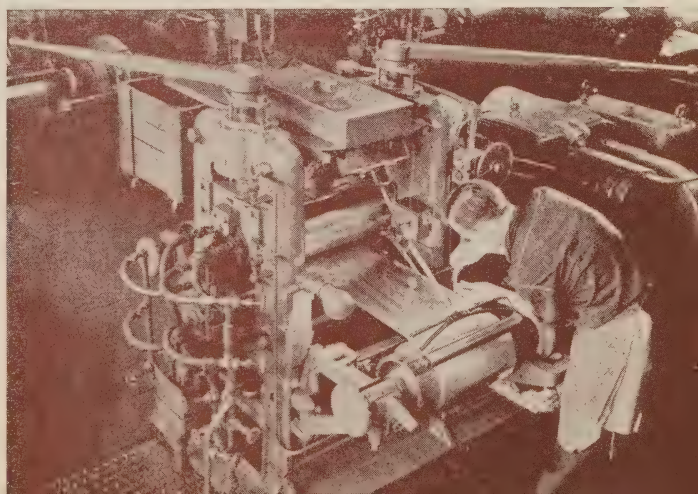
Industry	Estab- lish- ments	Capital	Em- ployees	Salaries and Wages	Cost of Materials	Gross Value of Products <sup>1</sup>
	No.	\$	No.	\$	\$	\$
Non-ferrous metal smelting and refining.....	14	184,337,126	12,788	19,549,963	184,970,812	287,295,733
Pulp and paper.....	99	594,908,222	30,943	42,619,311	71,062,580	183,897,503
Slaughtering and meat packing.....	145	56,119,509	12,503	16,596,710	143,481,692	175,767,382
Butter and cheese.....	2,528	62,481,408	17,336	16,538,956	94,057,247	127,659,343
Flour and feed mills.....	1,080	50,111,006	5,778	6,163,851	99,418,794	122,598,168
Automobiles.....	12	59,798,250	14,872	20,993,862	76,202,670	116,746,239
Petroleum products.....	59	62,620,908	4,675	7,873,040	76,419,516	97,003,347
Sawmills.....	3,873	88,812,313	31,182	25,345,064	52,788,246	92,855,906
Electrical apparatus and supplies.....	188	97,122,970	20,353	24,978,077	35,916,344	90,129,119
Railway rolling-stock.....	37	87,314,298	19,358	26,736,265	46,536,416	80,977,701
Bread and other bakery products.....	3,231	48,026,819	22,359	21,410,506	38,446,525	78,535,333
Clothing, men's factory (incl. furnishings).....	387	36,899,228	21,205	18,406,572	35,827,036	64,303,613
Printing and publishing.....	806	53,757,534	18,403	26,070,920	13,416,562	61,743,480
Rubber goods (incl. foot- wear).....	53	64,854,448	12,879	14,061,788	24,301,221	61,030,710
Primary iron and steel.....	55	100,272,104	13,100	18,256,627	24,786,761	59,606,150
<b>Totals, Fifteen Leading Industries.....</b>	<b>12,567</b>	<b>1,617,436,143</b>	<b>257,734</b>	<b>305,600,512</b>	<b>1,017,632,422</b>	<b>1,700,149,727</b>
<b>Grand Totals, All Indus- tries.....</b>	<b>25,200</b>	<b>3,485,683,018</b>	<b>642,016</b>	<b>705,668,589</b>	<b>1,807,478,028</b>	<b>3,337,681,366</b>
<b>Percentages of Fifteen Leading Industries to all Industries.....</b>	<b>49.9</b>	<b>47.2</b>	<b>40.2</b>	<b>43.3</b>	<b>55.3</b>	<b>50.9</b>

<sup>1</sup> Net value is obtained by deducting cost of materials, fuel, and electricity used in manufacturing from the gross value.

### Manufactures in Leading Cities

Montreal proper, with an output valued at \$474,534,092 in 1938, exceeded Toronto proper, with \$455,527,321. After these two cities came

Rolling Aluminum  
Foil, which is Used  
for a Variety of  
Purposes.



Courtesy, Aluminum  
Company of Canada.

Hamilton with \$150,394,481, Windsor, \$125,833,355, Vancouver \$91,607,637, and Winnipeg with \$78,029,078. Sixteen other places had manufactures with a gross value of production of over \$20,000,000 in 1938.

**Cities of Canada with a Manufacturing Production of Over Twenty Million Dollars in 1938**

City	Estab-lish-ments	Capital	Em-ployees	Salaries and Wages	Cost of Materials	Gross Value of Products <sup>1</sup>
	No.	\$	No.	\$	\$	\$
Montreal.....	2,469	409,578,419	103,254	111,431,966	253,277,569	474,534,092
Toronto.....	2,863	424,209,626	94,930	115,832,230	229,641,098	455,527,321
Hamilton.....	471	186,397,262	31,313	38,297,830	71,849,817	150,394,481
Windsor.....	224	79,940,995	17,732	26,088,439	67,680,572	125,833,355
Vancouver.....	842	91,714,005	17,968	21,700,941	52,178,629	91,607,637
Winnipeg.....	634	68,339,544	17,153	19,811,774	43,819,595	78,029,078
Montreal East.....	11	43,354,716	1,894	2,712,448	47,824,567	58,358,311
London.....	241	36,600,462	9,544	10,887,620	19,750,465	44,756,645
Kitchener.....	154	35,046,198	9,137	9,443,442	20,740,672	40,295,471
Oshawa.....	48	22,120,776	6,091	7,185,520	24,882,725	39,054,616
Calgary.....	191	23,909,192	4,274	5,486,989	19,574,234	31,908,064
Quebec.....	304	48,605,791	9,865	8,697,239	15,270,798	31,688,961
Peterborough.....	79	20,090,530	5,404	5,615,853	15,615,497	30,446,245
Edmonton.....	184	19,330,356	4,403	5,331,130	18,850,764	29,009,535
Ottawa.....	197	31,902,576	6,879	8,348,851	11,909,132	26,482,490
Brantford.....	112	38,225,310	6,774	7,016,225	12,737,117	26,123,543
Sarnia.....	44	16,755,912	2,949	4,251,229	18,621,378	24,723,186
Three Rivers.....	54	55,642,889	5,572	5,802,258	10,305,696	24,275,208
New Toronto.....	21	26,708,450	2,849	4,175,393	10,908,838	22,930,601
St. Catharines.....	91	21,236,748	5,502	6,170,906	10,499,922	21,704,998
Niagara Falls.....	61	28,374,168	3,186	4,137,393	7,556,357	21,663,464
St. Boniface.....	46	9,309,975	1,697	2,098,140	14,754,655	20,810,127

<sup>1</sup> Net value is obtained by deducting cost of materials, fuel, and electricity used in manufacturing from the gross value.

**Conditions During the Years 1935-1940**

Perhaps the best all-round barometer of conditions is afforded by the indexes of employment maintained from month to month in the Dominion Bureau of Statistics. These are based on returns received from establishments having 15 hands or over and include the great majority of employees. The indexes are given below for the latest six years.

**Indexes of Employment in Manufactures**  
(1926=100)

Month	1935	1936	1937	1938	1939	1940	Month	1935	1936	1937	1938	1939	1940
Jan. 1	87.4	96.8	102.4	108.6	104.3	118.2	July 1	98.5	104.7	119.0	111.8	111.3	130.3
Feb. 1	90.1	98.5	105.3	110.3	106.0	120.5	Aug. 1	99.8	104.9	118.1	110.0	112.8	134.4
Mar. 1	92.7	99.5	107.6	110.5	107.0	122.6	Sept. 1	100.8	105.9	121.2	113.8	115.3	138.4
Apr. 1	93.9	101.1	110.8	110.8	107.1	123.4	Oct. 1	103.3	109.0	121.7	112.5	119.7	143.8
May 1	95.6	102.7	113.8	110.6	108.4	125.7	Nov. 1	103.5	107.7	119.0	110.9	122.1	144.6
June 1	98.4	103.4	117.9	112.3	111.4	129.2	Dec. 1	101.4	107.0	116.3	110.1	122.2	-

## CHAPTER X

### Transportation and Communications

**Steam Railways.**—Over half of the railway mileage in Canada is owned and operated by the Dominion and Provincial Governments and the remainder by incorporated companies. The mileage of railways publicly operated as at Dec. 31, 1939, was as follows: Dominion, 22,726 miles; provincial, 922 miles; municipal, 92 miles; total 23,740. The mileage operated by incorporated companies was 18,897, the principal private system being the Canadian Pacific Railway with 16,701 miles of line. The total of 42,637 miles with an estimated population of 11,315,000 gives Canada an average of 3.77 miles per 1,000 population which is second only to Australia with an average of 4.04 miles, and is twice the average for the United States.

Freight traffic on the railways reached a peak of 118,652,969 tons in 1928, declined steadily to 1933 and increased somewhat for the next four years, dropped in 1938 and rose again in 1939 to 84,631,122 tons. Passenger traffic has declined quite consistently since 1919 and in 1939 only 20,482,296 passengers were carried, which was only about half of the number carried ten years earlier.

Reduced traffic has lowered the revenues from a high of \$534,106,045 in 1929 to \$233,133,108 in 1933 and \$367,179,095 in 1939. Without corresponding reductions in operation expenses, net incomes declined rapidly. Deficits of the Canadian National system increased and dividends of the Canadian Pacific were reduced or passed entirely.

The number of employees declined from a high point of 187,846 in 1929 with wages of \$290,732,500 to 129,362 in 1939 with a total payroll of \$200,373,668.

**Railway Statistics, by Months, 1938-40**

Month	Railway Gross Operating Revenues			Total Revenue Car Loadings		
	1938	1939	1940	1938	1939	1940
	\$ '000	\$ '000	\$ '000	No. '000	No. '000	No. '000
January.....	24,362	23,798	30,496	187	171	210
February.....	23,316	22,652	30,000	180	160	199
March.....	25,925	25,700	30,145	200	191	195
April.....	25,192	25,191	29,916	185	179	219
May.....	25,445	29,680	34,630	190	215	237
June.....	24,577	26,160	36,914	187	195	240
July.....	25,773	27,794	38,398	183	196	248
August.....	28,439	29,774	37,409	213	229	256
September.....	34,504	42,960	37,319	250	295	252
October.....	37,609	39,681	—	257	270	281
November.....	30,431	36,703	—	219	248	259
December.....	27,521	33,232	—	178	200	—

**Electric Railways.**—The total number of passengers carried on urban and interurban electric railways in 1939 was 632,533,000, of which 33 p.c. was carried by the Montreal system and 25 p.c. by the Toronto system.

The total investment for 1939 amounted to \$198,482,000, gross earnings to \$42,185,000, and miles of track to 1,592.

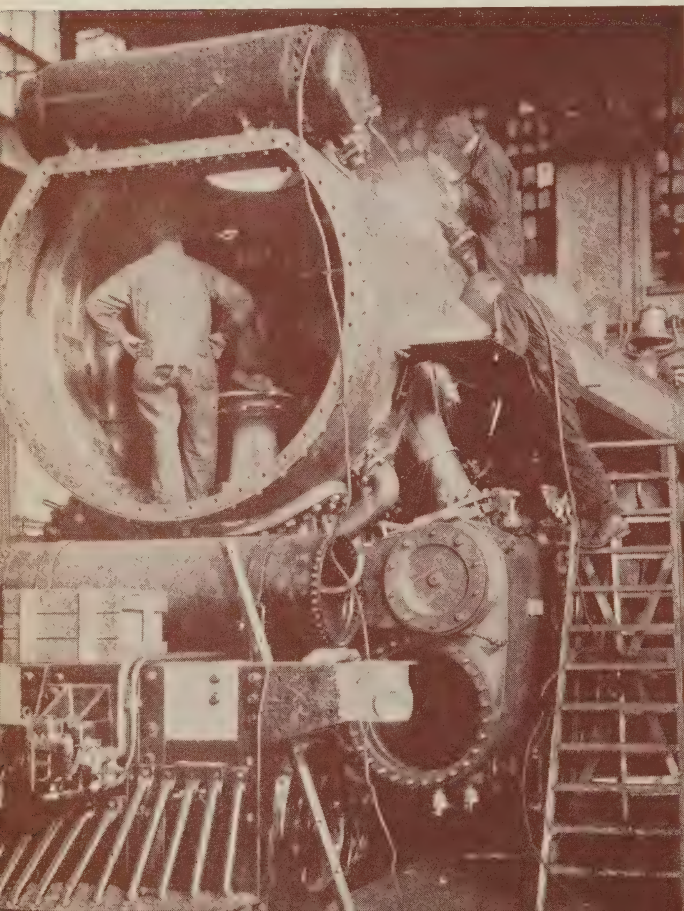


**Roads and Highways.**—Construction of roads suitable for motor traffic has been one of the principal items of provincial expenditures during the past twenty years. The Dominion Government has built roads in national parks and has granted subsidies to the provinces, first in 1920 and again as an unemployment relief measure in 1930-39, but has not constructed any rural roads outside of Dominion lands.

The mileage at the end of 1938 was 110,637 miles of surfaced roads, and 385,101 miles of earth roads. Of the surfaced roads, 96,663 miles were gravel or crushed stone; 9,435 bituminous surfaces; 2,253 portland cement concrete and sheet asphalt; and the remainder were other surfaces.

The expenditures for 1938 amounted to \$103,863,791, including \$71,559,903 for construction of roads, \$5,138,791 for construction of bridges, \$21,815,501 for maintenance of roads, \$2,149,476 for maintenance of bridges, \$21,874 for foot paths and sidewalks, and the remainder for administration and general expenses.

**Motor Vehicles.**—The number of motor vehicles registered in Canada has increased steadily and rapidly from 3,054 in 1908 to 276,893 in 1918, 1,069,343 in 1928, and 1,439,245 in 1939, an average of one vehicle for each 7.9 persons. This density is exceeded only by the United States 4, New Zealand 7, and Hawaiian Islands 7.



Working In and  
Around the Smoke  
Box of a Locomotive  
under Construction.

*Courtesy, Canadian  
National Railways.*



A Section of the Toronto-Hamilton Highway System.

*Courtesy, Airmaps Limited.*

Preliminary provincial data for 1939 show \$27,961,132 collected from motor-vehicle registrations, drivers' permits, etc., and \$51,954,360 from gasoline tax, a total of \$79,915,492.

During 1939 there were 1,584 persons killed in motor-vehicle accidents. This number was exceeded only in 1937 when there were 1,642 fatal motor-vehicle accidents.

#### Motor Vehicles Registered in Canada, in Recent Calendar Years

Year	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Canada <sup>1</sup>
1920....	1,418	12,450	11,121	41,562	177,561	38,257	60,325	38,015	28,000	408,790
1925....	2,947	22,745	18,863	97,418	342,174	50,884	77,940	54,538	56,427	724,048
1930....	7,376	43,029	34,699	178,548	562,506	78,850	127,193	101,119	98,938	1,232,489
1931....	7,744	43,758	33,627	177,485	562,216	75,210	107,830	94,642	97,932	1,200,668
1932....	6,982	41,013	28,041	165,730	531,597	70,840	91,275	86,781	91,042	1,113,533
1933....	6,940	40,648	26,867	160,012	520,353	68,590	84,944	86,041	88,554	1,083,178
1934....	7,206	41,932	29,094	165,526	542,245	70,430	91,461	89,369	92,021	1,129,532
1935....	8,231	43,952	31,227	170,644	564,076	70,660	94,792	83,870	98,411	1,176,116
1936....	7,632	46,179	33,402	181,628	590,226	74,940	102,270	87,468	106,079	1,240,124
1937....	8,011	50,048	36,780	197,917	623,918	80,860	105,064	100,434	116,341	1,319,702
1938....	7,992	51,214	37,110	205,463	669,088	88,219	109,014	107,191	119,220	1,394,853
1939....	8,040	53,008	38,116	213,148	682,891	88,864	119,018	113,702	122,087	1,439,245

<sup>1</sup> Includes Yukon.

**Canals.**—There are six canal systems under the Department of Transport, namely: (1) between Fort William and Montreal, (2) from Montreal to the International Boundary near Lake Champlain, (3) from Montreal to Ottawa, (4) from Ottawa to Kingston, (5) from Trenton to Lake Huron, and (6) from the Atlantic Ocean to Bras d'Or Lakes in Cape Breton. These canals have opened to navigation from the Atlantic about 1,890



miles of waterways. Under the Department of Public Works or other authority are minor canals and locks that facilitate local navigation on disconnected waterways.

The Great Lakes and St. Lawrence River form one of the busiest waterways in the world. More traffic passes up and down the Detroit River than any other waterway and the traffic through the canals at Sault Ste. Marie in 1929 reached a peak of 92,616,898 tons, more than through the Panama and Suez Canals combined. The greater part of this traffic is iron ore from Lake Superior to United States ports on Lake Erie and return cargoes of coal, and grain down-bound destined to St. Lawrence ports, Buffalo, Port Colborne, and other lower lake ports.

The maximum draught of vessels plying between the lakes is governed by channels in the Detroit and St. Mary's Rivers, and is limited to about 21 feet. Since 1932 when the New Welland Ship Canal, with 25 feet in the stretches between locks (the locks have 30 feet of water above the sills), was opened, larger upper-lake vessels have passed down as far as Prescott. The St. Lawrence canals have a depth of 14 feet (reduced in periods of low water) so that ocean vessels, except of very small tonnage, cannot sail up into the lakes; a few such vessels have been engaged in the Great Lakes traffic for several years, bringing over cargoes from European ports. Traffic using the St. Lawrence canals reached a new high record in 1938 with 9,236,318 tons, which dropped to 8,340,165 tons in 1939. Traffic using the Welland Ship Canal has increased steadily, the total of 12,629,054 tons for 1938 being more than double the 1930 traffic and over five times the 1920 traffic; in 1939 it was 11,727,553 tons.

**Shipping.**—Canadian shipping may be divided into three classes: (1) ocean or sea-going shipping; (2) inland or river and lake international shipping (exclusive of ferriage); and (3) coasting trade or coastwise shipping. Ocean shipping covers the sea-going vessels arriving or departing from Atlantic and Pacific Coast ports, including St. Lawrence River ports up to Montreal. Inland international shipping covers shipping between Canadian and United States ports on the Great Lakes and international

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Lake Freighters in Fort William Harbour.

*Courtesy, Civic Tourist Bureau, Fort William, Ont.*





## TRANSPORTATION

ivers. Coastwise shipping covers shipping between one Canadian port and another on the Atlantic Coast, on the Pacific Coast, and on the inland international lakes and rivers but not on isolated Canadian waterways, such as the Mackenzie River, Lake Winnipeg, Lake St. John, etc.

### Sea-Going Vessels Entered and Cleared at Canadian Ports with Cargo and in Ballast, Fiscal Years 1929-39

Year	Totals Entered			Totals Cleared			Totals, Entered and Cleared		
	No.	Tons Register	Freight Tons <sup>1</sup>	No.	Tons Register	Freight Tons <sup>1</sup>	No.	Tons Register	Freight Tons <sup>1</sup>
		'000	'000		'000	'000		'000	'000
1929..	22,531	27,464	7,155	22,895	26,944	18,045	45,426	54,409	25,200
1930..	21,583	27,156	8,471	21,885	25,836	12,294	43,468	52,992	20,765
1931..	20,737	28,065	7,814	20,860	26,535	10,842	41,597	54,600	18,656
1932..	19,175	27,003	6,821	19,102	25,337	10,699	38,277	52,340	17,520
1933..	17,778	25,044	6,571	18,150	24,722	11,803	35,928	49,767	18,373
1934..	19,501	28,210	7,668	19,904	27,236	11,217	39,405	55,446	18,885
1935..	21,419	28,512	9,100	21,784	28,548	11,235	43,203	57,060	20,336
1936..	22,835	28,896	10,026	23,328	29,157	12,297	46,163	58,053	22,323
1937..	25,348	31,145	11,142	26,136	31,803	15,791	51,454	62,948	26,934
1938..	26,407	31,422	12,699	27,359	31,402	13,882	53,766	62,824	26,581
1939..	27,500	31,354	10,423	28,736	32,044	17,268	56,236	63,398	27,690

<sup>1</sup> Includes freight in both tons weight and tons measurement.

**Air Navigation.**—The aeroplane has provided a vastly improved means of transportation in the undeveloped northern areas of Canada where the only alternatives were canoe in summer and dog team in winter. Air travel soon proved not only much quicker, but much cheaper, and a rapid expansion took place without the aid of government subsidy. The mileage flown by aircraft increased from 185,000 in 1922 to 10,969,271 in 1939, when 161,503 passengers, 21,253,364 lb. of freight, and 1,900,347 lb. of mail were carried. Furthermore, the aeroplane has proved a great boon to Canada in the administrative field for the development and conservation of her vast natural resources. Aerial forest-fire patrols are now carried on over large parts of almost every province; fishery patrols by aeroplane protect territorial waters and enforce fishing regulations; and by the use of aeroplanes equipped with special cameras, preliminary surveys, which would have taken years by the older methods, are now made quickly over large tracts of difficult country. This development in Canada has differed from that in other countries where air traffic between the chief centres of population has received most attention. The Trans-Canada Airway is designed to facilitate progress along this line.

**Trans-Canada Airway.**—The Trans-Canada Airway is now in operation all the way across the continent from Vancouver to Toronto, Montreal, and Moncton, and from Toronto to London and Windsor. Intermediate aerodromes lighted for night flying are established at approximately 100-mile intervals. Meteorological services provide weather maps four times daily, and district forecasts for the ensuing six hours. As part of the facilities of the Trans-Canada route and its feeders, there are now in operation 40 radio range stations at approximately 100-mile intervals, except in the mountain regions where closer spacing is necessary.

Work on the eastern section has been completed, and mail and passenger air services are now operating twice daily, except Sunday, by Canadian Airways Limited, from Moncton to Charlottetown, Halifax, and

Saint John, connecting with T.C.A. at Moncton. This company also operates a daily service as an extension of the Trans-Canada Airway System from Vancouver to Victoria, B.C. A daily service is also operated by Prairie Airways from Regina to Moose Jaw, Saskatoon, Prince Albert, North Battleford and return, connecting with the through service of T.C.A. at Regina.

#### OPERATION OF TRANS-CANADA AIRWAY SERVICES

Montreal-Vancouver <sup>1</sup> .....	2 trips each way daily
Moncton-Montreal <sup>2</sup> .....	1 trip " " "
Montreal-Toronto <sup>3</sup> .....	2 trips " " "
Toronto-Windsor <sup>4</sup> .....	2 " " " "
Lethbridge-Edmonton.....	2 " " " "
Vancouver-Seattle.....	2 " " " "

<sup>1</sup> Eastbound flights terminate at Toronto, connecting at North Bay with a shuttle service from Toronto to Montreal.

<sup>2</sup> Westbound Moncton-Montreal is a section of the Transcontinental flight. Eastbound Montreal-Moncton is a continuation of the Toronto-Montreal inter-city service.

<sup>3</sup> Actually there are 4 trips each way daily between Montreal and Toronto, 2 being sections of the Transcontinental service.

<sup>4</sup> The Toronto-Windsor service is actually a section of through flights Montreal-Windsor.

In addition to these services, licences have been granted to 13 operators to carry out mail and passenger operations over 49 routes, not only from the main centres of population, but also from the remoter districts where mining activity is great, thus giving fast and reliable transportation by air to all parts of the Dominion.

**Telegraphs.**—Six telegraph systems are operated in Canada, five in conjunction with the railways and one small system operated independently. The Western Union, a United States company, operates lines across Canadian territory; the Canadian Marconi Company operates a wireless system; and three cable companies, in addition to the telegraph companies, operate cables from Canadian stations. In all 22 cables are operated between Canada and England, Azores, Australia, New Zealand, Newfoundland, St. Pierre and Miquelon, and Bermuda, and 2 cables between North Sydney and Canso, N.S.

These systems operate 367,235 miles of telegraph wire in Canada, 7,315 miles outside of Canada, and 32,799 nautical miles of submarine cable between Canada and other countries. Multiple circuits normally use



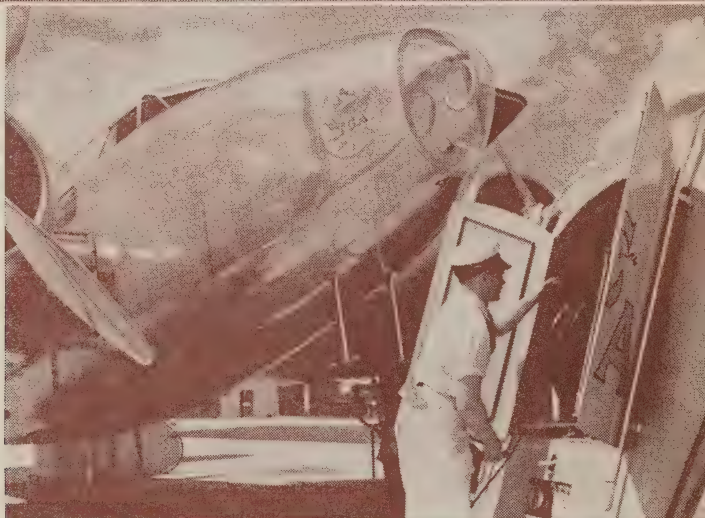
New Canadian National  
Telegraphs Operating  
Room,  
Saskatoon, Sask.

*Courtesy, Canadian  
National Railways.*

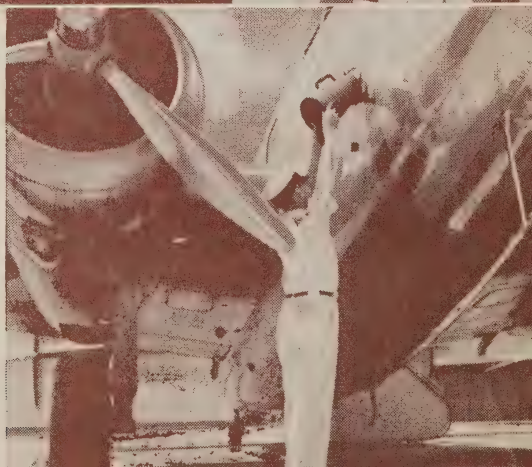
## TRANS-CANADA AIRLINES



Trans-Canada  
Lockheed Aeroplane  
Taking off a  
Runway.



Servicing a Trans-Canada  
Aeroplane for Gas and Oil at  
Regina, Sask., Airport on the  
Twice-daily Service between  
Montreal and Vancouver.





102,574 miles of these wires and produce 483,827 miles of channels for telegraphic use. During 1939 a total of 12,462,912 telegrams and 1,492,389 cablegrams, excluding messages between foreign countries, were handled over these wires.

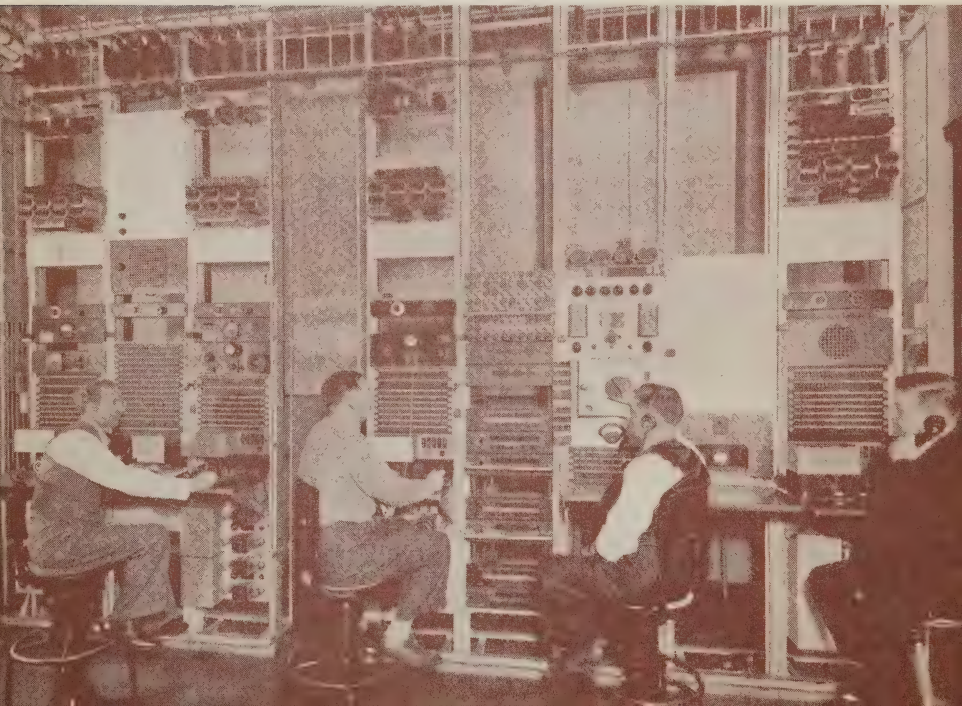
**Telephones.**—There were 3,203 telephone systems in Canada in 1938, operating 5,397,244 miles of wire and 1,359,417 telephones. The estimated number of conversations during the year was 2,623,092,000 or 1,930 per telephone. Almost half of the telephones are dial telephones and are operated by automatic switch boards, the increase in dial telephones during 1938 being 26,673 as against an increase of 9,950 telephones connected with manually operated switchboards.

The telephone plays an important part in radio broadcasting, which has been brought to a standard of efficiency on this continent not approached anywhere else in the world. A radio hook-up or network is in reality a web of high-grade long-distance telephone lines linking together a given number of broadcasting stations. Each telephone company that undertakes to provide program facilities is responsible for supplying and maintaining high-quality long-distance circuits especially designed to carry programs. The ordinary long-distance circuit requires the use of devices and instruments to enable it to carry and maintain the tone quality of an orchestra, or even of a flute or violin. Almost any point that may be reached by telephone can be quickly prepared as the originating or pick-up point for a radio program by engineers equipped to make the necessary changes.

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Lining Up the Long-Distance Lines to Carry a Radio Program over  
a Canadian Hook-up.

*Courtesy, Bell Telephone Company.*



**National Radio.**—In 1940 the Canadian Broadcasting Corporation completed its fourth year, having succeeded the Canadian Radio Broadcasting Commission on Nov. 2, 1936. The CBC, established on a basis somewhat similar to that of the British Broadcasting Corporation, has a board of nine governors, a General Manager, and an Assistant General Manager. It operates under the Canadian Broadcasting Act, 1936, which gives it regulatory powers over all broadcasting stations in Canada as far as programs are concerned.

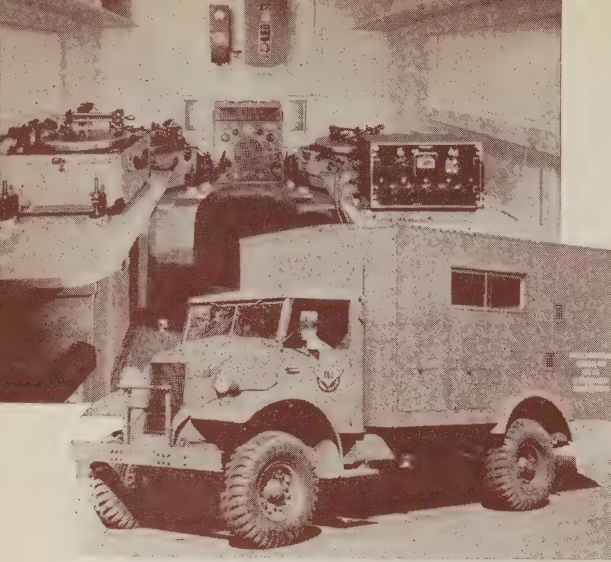
The Board of Governors (members are appointed for three years in rotation) acts as "trustees of the national interest in broadcasting", and is responsible for the policies of the Corporation. It is thus a guarantee to the public that broadcasting is being administered in a non-partisan and business-like manner. The CBC is responsible to Parliament through the Minister of Munitions and Supply. Members of the Board of Governors are unpaid.

During the past four years the coverage of the CBC has been greatly increased. At its inception the Corporation served less than 50 p.c. of the population; it now serves over 84 p.c. This has been made possible mainly by the inauguration of four 50,000-watt transmitting stations: CBL at Hornby, Ont., serving the Province of Ontario; CBF at Verchères, Que., for the Province of Quebec; CBA at Sackville, N.B., for the Maritime Provinces; and CBK at Watrous, Sask., for the Prairie Provinces. A 5,000-watt transmitter, CBR, at Vancouver, serves the Pacific Coast, and there are five other CBC transmitters at various points. The progress of the Corporation has been directed towards completion of the plan envisaged in the report of the Royal Commission on Radio Broadcasting appointed in 1928 to investigate the whole problem of broadcasting in Canada. Reception and program service have also been greatly improved.

The technical facilities of the CBC were further extended by the addition to its equipment of a completed armoured Mobile Unit capable of operating under war conditions on any front. This unit has been sent to England, while two other Mobile Units, which include short-wave sending and receiving apparatus, recording machines, and pack sets, are used in Canada. The pack sets can be carried by commentators to ordinarily inaccessible territory. A staff of three commentators and two engineers was established in England by the CBC during 1940.

Transmission facilities enabling CBC programs to be broadcast over a national network in all five Canadian time zones for sixteen hours a day are maintained. This nation-wide network carries both sustaining programs of the Corporation and a limited number of commercial features. In addition to the ten stations owned and operated by the CBC, the national network includes a large number of privately owned transmitters throughout Canada.

During the first year of the War the CBC National Network carried more than 1,600 special war broadcasts, exclusive of news bulletins and summaries, the number of which was also increased. The exchange of programs with the BBC, arranged in 1939 when the General Manager and the Chairman of the Board of Governors spent some time in England, was continued during 1940, with increased co-operation between the two systems. The daily schedule of news broadcasts was augmented to include



Armoured Mobile Unit of the  
CBC Operating in  
England.

*Courtesy, Canadian  
Broadcasting Corporation.*

three 15-minute and five 3-minute news bulletins provided by the CBC in co-operation with the Canadian Press, and two half-hour periods of BBC news, via short-wave from London. The Sunday schedule provides a slightly higher ratio of news summaries. The facilities of the BBC in England have also been available to the CBC Overseas Unit.

Specialized talks and discussions by experienced commentators, expert students, and international figures in both Great Britain and Canada have been provided regularly. The Corporation is the point of contact between the Wartime Censorship Co-ordination Committee and radio stations and other organizations throughout Canada in disseminating the important information and instructions associated with broadcasting. The Corporation has also worked to advantage with the Director of Public Information.

*Expenditures.*—Despite the comparatively large expenditures necessary for lines and for the cost of providing, maintaining and operating network transmitting facilities in a country like Canada, almost 50 p.c. of CBC total revenues are being spent on programs. Below is shown an analysis of all CBC expenditures from the Corporation's inception, including the nine-month period ended Dec. 31, 1940.

#### Canadian Broadcasting Corporation Expenditures, Fiscal Years 1937-40

Item	1937		1938		1939		1940 <sup>1</sup>	
	\$	p.c.	\$	p.c.	\$	p.c.	\$	p.c.
Administration.....	125,360	8.07	146,686	6.77	139,828	4.86	162,940	4.81
Programs.....	645,816	41.53	1,088,420	50.28	1,460,105	50.77	1,604,198	47.32
Operation of stations.....	206,961	13.38	286,763	13.24	468,117	16.28	597,394	17.62
Lines.....	434,247	27.82	477,902	22.07	571,496	19.87	674,183	19.89
Depreciation.....	—	—	106,846	4.94	202,815	7.05	316,274	9.33
Leases of time on private stations.....	143,037	9.20	58,494	2.70	16,810	0.58	11,125	0.33
Interest on Government loan.....	Nil	—	Nil	—	16,906	0.59	23,838	0.70
<b>Totals.....</b>	<b>1,555,421</b>	<b>100.00</b>	<b>2,165,111</b>	<b>100.00</b>	<b>2,876,077</b>	<b>100.00</b>	<b>3,389,952</b>	<b>100.00</b>

<sup>1</sup> Nine months ended Dec. 31.



On Aug. 5, 1940, the War Co-operation Committee of the Senate, in its report to the Upper Chamber, recommended the erection in Canada "without delay" of a 50,000-watt short-wave transmitting station as an aid to war-time Empire co-operation. The cost involved was estimated at between \$350,000 and \$400,000. Prior to this, successive committees of Parliament had unanimously recommended the construction of a high-powered short-wave transmitter.

The CBC maintains constant touch with developments in television, frequency modulation, and facsimile in both Great Britain and the United States.

**The Post Office.**—The number of post offices has increased from about 3,470 in 1867 to over 12,000 in 1940, with a total revenue in 1939-40 of approximately \$44,208,369. The Post Office Department, in the fiscal year 1939-40 issued money orders to the amount of \$148,560,566 payable in Canada and \$7,779,972 payable in other countries, a combined net increase over the previous year of \$11,135,753. In addition, postal notes to the value of \$12,966,378 were issued in 1939-40.

During the War of 1914-18, there was a general increase in postage rates, but these were gradually reduced again between 1926 and 1930. They were increased once more on July 1, 1931, and since that date the letter rate of postage for Canada, Great Britain, the British Empire, France, the United States and all other places in North and South America, has remained at 3 cents for the first ounce and 2 cents for each additional ounce.



Sorting  
Mail in a  
Railway  
Postal Car.

*Courtesy,  
Post Office  
Dept.*

Official air-mail service was inaugurated in October, 1927. Since that time great advances have been made, both in the number of services and in the volume of mail conveyed, as shown by the following statistics:—

	Miles Flown No.	Mail Carried lb.		Miles Flown No.	Mail Carried lb.
1931-32.....	1,229,021	443,501	1937-38.....	1,474,041	1,367,972
1935-36.....	852,108	1,189,982	1938-39.....	3,711,948	1,822,344
1936-37.....	977,864	1,200,831	1939-40.....	5,769,257	2,351,172

The institution of air-mail service to remote and otherwise inaccessible areas, too numerous to itemize, has been of the greatest importance in developing the natural resources of Canada. For example, mails from Vancouver now reach White Horse within 24 hours and those from Edmonton reach Aklavik on the Arctic Ocean within a week, a small part of the time required for surface transport. The gold-mining industry, in particular, has been greatly assisted by the efficiency of the postal service rendered by air. During the winter season Pelee Island in Lake Erie, remote settlements on the north shore of the Gulf of St. Lawrence, Anticosti Island, the Magdalen Islands, and Telegraph Creek in northern British Columbia, which formerly relied on dog teams or were entirely isolated from civilization, are now given regular air-mail service.

While the great majority of Canadian air-mail services are to remote areas, there are several interurban and international services that effect considerable time-saving between important mailing centres in Canada and the United States. This year has witnessed an intensification of regular air-mail service over the Trans-Canada Airway, and this system, with its feeder lines, has given a direct service to most of Canada's leading cities. By utilizing this service a letter mailed at the close of the business day in Montreal reaches an address in Vancouver the following afternoon. Corresponding gains over ordinary conveyance are effected between most other points in Canada.

## CHAPTER XI

### Construction

Construction has received considerable stimulus in the past two or three years from the Dominion Housing Act, 1935, the National Housing Act, 1938, the Home Improvement Loans Guarantee Act, 1937, and the Municipal Improvements Assistance Act, 1938. All these Acts are administered by the Dominion Department of Finance.

**National Housing Act, 1938.**—The National Housing Act, 1938, was designed to serve a twofold purpose: (1) to assist in the improvement of housing conditions; and (2) to assist in absorption of the unemployed by stimulation of the construction and building material industries. The Act has three Parts.

Part I re-enacts the main features of the Dominion Housing Act, 1935. Under the original terms loans were available to finance either single-family, two-family, or multiple-family houses. Beginning Jan. 1, 1940, however, as a war-time measure to conserve resources, the maximum loan was restricted to \$4,000 and loans were also restricted to the financing of single-family houses only. The other features of the Act were not changed.

The Minister of Finance is empowered under Part I to make advances up to \$20,000,000, less approximately \$5,500,000 already advanced under the Dominion Housing Act. All loans are made through approved lending institutions, the security being in the form of a first mortgage running jointly to the approved lending institution and to the Government. Loans may be for an amount not exceeding 80 p.c. of the lending value of the property, or 90 p.c. where the lending value is \$2,500 or less and the house is being built for an owner-occupant. The other 20 p.c. or 10 p.c., respectively, is to be provided by the borrower. Provision is also made for loans ranging between 70 p.c. and 80 p.c., when the lending value exceeds \$2,500, and for loans ranging between 50 p.c. and 90 p.c. when the lending value does not exceed \$2,500. Special substantial guarantees are provided to encourage the lending institutions to extend the facilities to the smaller and more remote communities. The interest rate paid by the borrower on all loans made under Part I is 5 p.c. This is made possible by the fact that the Government advances one-quarter of the total mortgage money on an interest basis of 3 p.c. Loans are made for a period of 10 years subject to renewal for a further period, usually for another 10 years. Interest, principal, and taxes are payable in monthly instalments. Amortization of principal is effected at a rate sufficient to pay off the entire loan in 20 years, but more rapid amortization may be arranged.

Part II of the National Housing Act is designed to assist local housing authorities (including limited-dividend housing corporations) to provide decent, safe, and sanitary housing to be rented only to families of low income who are unable to afford an 'economic rental'. Dominion assistance under this Part involved high-percentage loans at a very low rate of interest. Municipal assistance involved a low fixed rate of taxation. The authority to make this type of loan lapsed on Mar. 30, 1940.

Part III of the National Housing Act authorizes the Minister of Finance to pay a large share of the municipal taxes, in respect of new low-



cost dwellings, for a period of three years. On Dec. 5, 1939, as a measure designed to conserve resources for war purposes, this Part was restricted to apply only to houses commenced prior to May 31, 1940.

**Loans Made under the Dominion Housing Act and Part I of the  
National Housing Act to Aug. 31, 1940**

Province	Loans	Family Units Pro- vided	Amount	Province	Loans	Family Units Pro- vided	Amount
	No.	No.	\$		No.	No.	\$
P.E.I.....	18	18	97,834	Sask.....	57	128	321,497
N.S.....	619	636	2,611,380	Alta.....	Nil	—	—
N.B.....	178	202	799,947	B.C.....	2,540	2,817	8,655,903
Que.....	1,721	3,695	13,855,721				
Ont.....	7,170	9,694	31,797,804	<b>Totals.....</b>	<b>13,019</b>	<b>18,116</b>	<b>61,505,503</b>
Man.....	716	926	3,365,417				

**The Home Improvement Loans Guarantee Act, 1937.**—This Act provides for a limited guarantee to chartered banks and certain other approved lending institutions in respect of loans made to owners of residential property to finance repairs, alterations, and additions to urban and rural dwellings (including farm buildings). The lending institutions are guaranteed against loss to the extent of 15 p.c. of the aggregate of such loans made by each, but the total amount guaranteed is \$50,000,000 and the maximum liability of the Government is therefore \$7,500,000. No loan may exceed \$2,000 on any single property. In the case of a multiple-family dwelling the loan may not exceed \$1,000 plus \$1,000 for each family unit provided. Loans of \$1,000 or less are made for a term not exceeding 3 years and loans in excess of \$1,000 for a term not exceeding 5 years; they are repayable in convenient instalments. The maximum charge for loans is  $3\frac{1}{4}$  p.c. discount for a one-year loan repayable in equal monthly instalments, and proportionately for other periods.

**Loans Made under the Government Home Improvement Plan to  
Aug. 31, 1940**

Province	Loans	Amount	Province	Loans	Amount
	No.	\$		No.	\$
P.E.I.....	1,082	261,443	Sask.....	2,216	832,097
N.S.....	8,090	2,475,450	Alta.....	8,959	3,868,957
N.B.....	4,197	1,370,110	B.C.....	11,790	3,730,005
Que.....	17,753	8,952,291			
Ont.....	56,260	22,656,380	<b>Totals.....</b>	<b>117,894</b>	<b>47,086,513</b>
Man.....	7,547	2,939,780			

**The Municipal Improvements Assistance Act, 1938.**—The sum of \$30,000,000 is available under this legislation for the purpose of creating employment on productive undertakings by providing funds to municipalities at a low interest rate to assist in constructing or making extensions or improvements to, or renewals of, self-liquidating projects for which there is urgent need and which will assist in the relief of unemployment. A municipality may apply for loans up to an amount equal to

\$2.89 per head of its population. There is a further provision under which a loan not exceeding \$200,000 may be made available to any municipality, however small. All loans bear interest at the rate of 2 p.c. per annum, payable semi-annually, and are to be amortized by semi-annual payments sufficient to pay off the entire loan during a period not exceeding the useful life of the project. As security for such loan the municipality must deliver its debentures or other securities, equal in principal amount to the loan, and may also be required to give a first mortgage, hypothec, or other charge on the project.

Each project and application for loan must be approved, and the loan itself, both in respect of interest and principal, must be guaranteed by the government of the province concerned.

**Loans Approved under the Municipal Improvements Assistance Act, 1938 to Sept. 1, 1940**

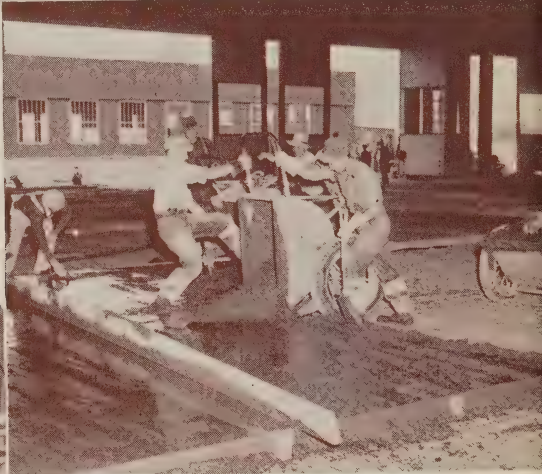
Province	Loans	Amount	Province	Loans	Amount
	No.	\$		No.	\$
Prince Edward Island.....	1	7,000	Saskatchewan.....	28	991,400
Nova Scotia.....	7	641,437	Alberta.....	24	914,387
New Brunswick.....	7	487,514	British Columbia.....	20	2,022,917
Quebec.....	6	751,950			
Manitoba.....	5	207,948	<b>Totals.....</b>	<b>98</b>	<b>6,004,553</b>

**Railways.**—The expenditures of railways on maintenance of way, and structures and equipment are not included in the census figures of the construction industries given below and are therefore summarized here. For steam railways expenditures for these purposes in 1939 amounted to \$128,618,702 as against \$124,450,528 in 1938 and \$194,000,000 in 1929. For electric railways the total for 1939 was \$5,973,288 as against \$5,916,564 in 1938 and \$9,000,000 in 1929. Expenditures of steam railways on new line were \$3,398,311 in 1939 compared with \$2,065,146 in 1938, whereas in the years 1928-31 they averaged \$30,000,000 per year.

**Annual Census of the Construction Industries.**—A census of construction was first made by the Dominion Bureau of Statistics for 1934 but the basis of compilation was not standardized until 1935 so that, with the compilation of the 1936 figures, data are now available on a comparable basis for the years shown in the table on p. 129. It should be pointed out that no relationship exists between these figures and those of values of contracts awarded as shown at the foot of p. 130. In the latter case all values are included since awards are made irrespective of whether the contract is completed or even begun in that year, whereas the industrial statistics show only the work performed in the years specified.

Since September, 1939, war construction has been rapidly increasing, but this influence is not apparent in the figures; indeed, 1939 is shown to be a less-than-average year. War contracts of any size let in the latter part of 1939 would not, of course, in many cases, be under way before 1940. Undoubtedly the vast amount of Government construction going on across Canada, apart from the indirect stimulus to private construction that rising costs encourage, will mean wide activity for this industry which has suffered severely throughout the depression and has lagged behind other branches of the economy.

CONSTRUCTION  
UNDER THE  
BRITISH  
COMMONWEALTH  
AIR TRAINING  
PLAN



Large Buildings and Hangars like the  
above Are Being Built at Training  
Centres.

A Type of Barrack  
Building Constructed  
under the Plan.



*Courtesy, Engineering and  
Contract Record.*



## Statistics of the Construction Industry, 1939, with Totals for 1936-38

Province or Group	Persons Employed	Salaries and Wages Paid	Cost of Materials Used	Value of Work Performed
	No.	\$	\$	\$
<b>Totals, 1936</b> .....	<b>142,346</b>	<b>112,846,384</b>	<b>122,189,238</b>	<b>258,040,400</b>
<b>Totals, 1937</b> .....	<b>151,652</b>	<b>150,637,291</b>	<b>175,844,435</b>	<b>351,874,114</b>
<b>Totals, 1938</b> .....	<b>147,191</b>	<b>147,405,398</b>	<b>176,562,208</b>	<b>353,223,285</b>
<b>Province, 1939</b>				
Prince Edward Island.....	716	779,094	831,105	1,948,064
Nova Scotia.....	7,369	8,014,055	10,103,054	19,890,449
New Brunswick.....	6,279	5,670,654	6,332,255	14,886,121
Quebec.....	55,721	52,601,852	58,522,370	118,529,680
Ontario.....	52,338	56,916,926	76,293,682	144,829,394
Manitoba.....	4,997	5,581,860	8,279,246	14,848,706
Saskatchewan.....	4,660	4,688,141	5,656,210	13,429,064
Alberta.....	5,583	6,834,331	8,868,976	17,856,669
British Columbia.....	10,751	12,355,530	14,610,444	26,985,533
<b>Totals, 1939</b> .....	<b>148,414</b>	<b>153,442,443</b>	<b>189,497,342</b>	<b>373,203,680</b>
<b>Group, 1939</b>				
Contractors, builders, etc.....	91,147	103,883,416	160,521,326	286,712,459
Municipalities.....	13,980	14,109,547	7,758,012	23,723,692
Harbour Commissions.....	833	815,223	375,080	1,407,686
Provincial Govt. Depts.....	34,440	26,443,065	14,107,503	46,249,892
Dominion Govt. Depts.....	8,104	8,191,192	6,735,421	15,109,951

Of the 1939 total value of work performed 69 p.c. was represented by entirely new construction as compared with 68 p.c. for the previous year. The remainder was for alterations, repairs, maintenance, etc. With regard to type of construction, engineering contracts (such as for streets, highways, harbour and river work, etc.) accounted for 45 p.c. as compared with 49 p.c. in 1938. Buildings accounted for 43 p.c. compared with 38 p.c. in 1938.

**Volume of Construction, 1940.**—The recovery in construction, on the whole, has not paralleled that indicated in many other industries, although substantial improvement has been reported recently. According to the records of the construction contracts awarded, as maintained by MacLean Building Reports, Limited, the value of such contracts rose from \$162,588,000 in 1936 to \$224,056,700 in 1937, but dropped to \$187,277,900 in 1938, and \$187,178,500 in 1939. The effect of the War on the construction industry is not apparent in these figures.

The Dominion Bureau of Statistics collects monthly statistics showing the anticipated cost of the building represented by the permits taken out in 58 cities, the record going back to 1920. The value of the construction work authorized in these cities was estimated at \$60,272,379 in 1939, as compared with \$60,817,332 in 1938, a decrease of 0.9 p.c. but an increase of 7.9 p.c. from 1937; as a matter of fact, the 1938 total exceeded that for any other year since 1931, but, throughout this period, the construction industries have generally operated at a low level. During the first 11 months of 1940, the value of the buildings for which permits were granted was \$73,799,268. This was about 37 p.c. higher than the figure for the months January to November, 1939, and exceeded the total for the first 11 months in any other year since 1931.



Modern Earth-Hauling and Excavating Units Used in Road Construction.

*Courtesy, Engineering and Contract Board.*

### Construction Contracts Awarded in Canada, Jan. 1 to Oct. 31, 1939 and 1940

(MacLean Building Reports, Limited.)

Type of Construction	1939		1940	
	No.	Value	No.	Value
		\$		\$
Apartments.....	366	9,077,700	363	7,445,300
Residences.....	20,350	54,491,400	19,569	55,943,700
<i>Totals, Residential.....</i>	<i>20,716</i>	<i>63,569,100</i>	<i>19,932</i>	<i>63,389,000</i>
Churches.....	318	4,641,100	218	2,502,300
Public garages.....	735	3,509,100	660	2,421,400
Hospitals.....	128	7,352,500	99	8,516,100
Hotels and clubs.....	321	3,022,900	305	3,742,900
Office buildings.....	377	4,532,000	376	4,780,800
Public buildings.....	453	9,472,800	513	54,176,300
Schools.....	315	7,293,500	219	6,011,600
Stores.....	1,949	6,927,900	1,823	7,460,600
Theatres.....	76	1,280,300	71	1,146,000
Warehouses.....	538	4,841,100	1,608	8,183,000
<i>Totals, Business.....</i>	<i>5,210</i>	<i>52,873,200</i>	<i>5,892</i>	<i>98,941,000</i>
<i>Totals, Industrial.....</i>	<i>861</i>	<i>20,633,600</i>	<i>1,022</i>	<i>115,693,100</i>
Bridges.....	186	3,028,800	96	2,633,500
Dams and wharves.....	242	7,880,500	57	3,789,500
Sewers and watermains.....	302	3,986,600	223	3,455,800
Roads and streets.....	624	22,969,100	516	28,409,300
General engineering.....	75	2,508,400	28	12,780,300
<i>Totals, Engineering.....</i>	<i>1,429</i>	<i>40,673,400</i>	<i>920</i>	<i>51,068,400</i>
<b>Grand Totals.....</b>	<b>28,216</b>	<b>177,749,300</b>	<b>27,766</b>	<b>329,091,500</b>

The population of the 58 centres mentioned at the foot of p. 129 constituted about 36 p.c. of the total population of the Dominion as enumerated in the Census of 1931; during the year 1939, their building

authorizations amounted to 32·2 p.c. of the total value of the construction contracts awarded throughout Canada. This ratio was rather lower than the average proportion in the years 1920-39 which was 39·2 p.c. In the first 11 months of 1940, the proportion was lower than that of 1939, standing at 22·4 p.c.

**Employment in Construction.**—The level of employment in the construction industries as a whole was lower in 1940 than in 1939, owing to curtailment of work on the highways; building construction, however, was decidedly more active, the number employed by the co-operating contractors being greater than in any other year since 1931. Work on the railroads also showed improvement in 1940 over immediately preceding years. The general index of employment in construction, based on the 1926 average as 100, was 89·3 in the first 11 months of the year, compared with 114·7 in the same period of 1939, while the index in the building division was 79·6 or 30 p.c. higher than that of 61·0 in the months Jan. 1-Nov. 1 of 1939.

Wholesale prices of building materials moved gradually upward from 94·0 to 97·9 during the first 3 quarters of 1940 (on the base 1926 = 100). This was in continuation of an advance dating from the beginning of 1939 when this series stood at 87·2. The preliminary 1940 index of wage rates, as prepared by the Department of Labour, stood at 174·6 p.c. of the 1913 average as compared with 170·7 for 1939.



## CHAPTER XII

### External Trade\*

Statistics presented in the various sections of this handbook show that the operations of Canadian industry and agriculture have expanded from small beginnings to a point where, to-day, in peace or in war, they make Canada a leading factor in the world economy. External trade has advanced with the growth of industry and agriculture. Empire and foreign commerce provide the consumer, the manufacturer, and farmer with materials and equipment that are lacking or not available in adequate supply within the Dominion, and an outlet for production where, through wealth of natural resources or the extensive development of industrial plants, capacity exceeds Canadian consumption.

Canadian imports in 1939 were 10·9 p.c. above 1938 and higher than any year since 1930, with the exception of 1937. Domestic exports represented an increase of 10·4 p.c. over 1938, but were exceeded by both 1936 and 1937. The favourable balance of trade shown for 1939 has been exceeded only three times since 1926.

The rise in the declared value of imports in 1939 was due entirely to increase in physical volume. All of the nine main groups show larger volume than in 1938. Prices changed by only 0·2 p.c. for imports, as a whole, and the largest change among the main groups was less than 5 p.c. In exports a decline in average prices of 5 p.c. from the preceding year was shown; so that the increase in volume—16 p.c.—was greater than that in declared values.

\* In statistics of imports in this chapter, excise duty, which had been included in the value of distilled spirits (chiefly whisky) imported into Canada from countries entitled to the British Preferential Tariff since the fiscal year 1920-21, is excluded as from Apr. 1, 1935. Such imports from the United Kingdom, which constitute the major part of this item, were valued at \$4,555,617 in the calendar year 1939.

#### Summary of Total Imports and Exports of Canada

Calendar Year	Total Imports	Exports <sup>1</sup>			Excess: Imports—Exports+
		Canadian Produce	Foreign Produce	Total	
	\$	\$	\$	\$	\$
1919.....	941,013,613	1,235,958,483	53,834,766	1,289,793,249	+348,779,636
1920.....	1,336,921,021	1,268,014,533	30,147,672	1,298,162,205	— 38,758,616
1921.....	799,478,483	800,149,296	13,994,461	814,143,757	+ 14,665,274
1922.....	762,409,309	880,408,645	13,815,268	894,223,913	+131,814,604
1923.....	903,030,515	1,002,401,467	13,584,849	1,015,986,316	+112,955,801
1924.....	808,144,573	1,029,699,449	12,553,718	1,042,253,167	+234,108,594
1925.....	890,193,348	1,239,554,207	12,111,941	1,251,666,148	+361,472,800
1926.....	1,008,341,911	1,261,241,525	15,357,292	1,276,598,817	+268,256,906
1927.....	1,087,117,930	1,210,596,998	20,445,231	1,231,042,229	+143,924,299
1928.....	1,222,317,916	1,339,409,562	24,378,794	1,363,788,356	+141,470,440
1929.....	1,298,992,692	1,152,416,330	25,926,117	1,178,342,447	—120,650,245
1930.....	1,008,479,479	863,683,761	19,463,987	883,147,748	—125,331,731
1931.....	628,098,386	587,653,440	11,907,020	599,560,460	— 28,537,926
1932.....	452,614,257	489,883,112	8,030,485	497,913,597	+ 45,299,340
1933.....	401,214,311	529,449,529	6,034,260	535,483,789	+134,269,478
1934.....	513,469,497	649,314,236	6,991,992	656,306,228	+142,836,731
1935.....	550,314,551	724,977,459	12,958,420	737,935,879	+187,621,328
1936.....	685,190,844	937,824,933	12,684,319	950,509,252	+315,318,408
1937.....	808,896,325	997,366,918	14,754,862	1,012,121,780	+203,225,455
1938.....	677,451,354	837,583,917	11,100,216	848,684,133	+171,232,779
1939.....	751,055,534	924,926,104	10,995,609	935,921,713	+184,866,179

<sup>1</sup> Excluding gold.

Gross revenue collected on imports increased from \$92,297,000 to \$103,366,000. This rise of 12.0 p.c. was somewhat greater than the rise in the value of imports, and the average ad valorem rate of duty (i.e., the amount collected, expressed as a percentage of the value of imports), was accordingly higher than in the preceding year. The percentage of imports that were free of duty stood at 43.1 p.c. in 1939, and 44.1 p.c. in 1938.

**Canada's Trade by Countries and Commodities.**—The two countries that lead in Canada's external trade are the United States and the United Kingdom. Geographic contiguity and economic bonds with the one, political ties and economic bonds with the other, make it natural that, extending back as far as the figures are available, these two countries should account for nearly four-fifths of Canada's imports and three-quarters of the exports. With the advent of war and the closing off of large sections of the world to international trade, the intimate relationship in trading matters between Canada, the United States, and the United Kingdom, has grown even closer.

The United States leads among the countries supplying commodities to Canada in 1939. The United Kingdom is second. Of the first five countries in the list of those from which Canada imports, four are British countries. The rise in import trade with the United States between 1938 and 1939, which amounted to over \$70,000,000, was entirely accounted for in the last four months of the year, imports in each of these being about \$20,000,000 higher than in the corresponding month of the previous year.

### Imports of Twenty-five Leading Commodities, Calendar Year 1939 Compared with 1938

Rank		Commodity (In order of value, 1939)	Total Imports, 1939		Increase or Decrease 1939 Compared with 1938	
1938	1939		Quantity	Value	Quantity	Value
				\$		\$
3	1	Machinery, except farm	—	42,828,621	—	+5,912,502
2	2	Coal.....ton	14,998,645	41,578,685	+1,986,154	+5,752,771
12	3	Petroleum, crude.....gal.	1,298,367,561	39,677,194	+69,737,478	-1,423,670
4	4	Automobile parts.....	—	25,308,323	—	+614,132
7	5	Plates and sheets, iron.....cwt.	6,521,997	22,790,958	+1,565,282	+4,722,283
5	6	Farm implements and machinery.....	—	20,917,407	—	+597,861
6	7	Sugar for refining.....cwt.	10,343,626	20,225,605	+767,194	+2,664,030
12	8	Cotton, raw.....lb.	159,532,357	16,425,282	+24,771,832	+3,552,477
10	9	Automobiles.....No.	18,284	15,673,770	+3,130	+2,953,573
9	10	Fruits, fresh.....	—	15,383,945	—	+1,772,176
8	11	Books and printed mat- ter.....	—	15,152,187	—	-124,911
11	12	Electrical apparatus.....	—	13,751,833	—	+698,307
15	13	Rubber, crude.....lb.	72,828,736	11,812,958	+15,252,443	+3,661,888
14	14	Tea.....	43,393,607	10,090,807	+5,802,543	+510,905
13	15	Oils, vegetable.....gal.	19,445,440	9,414,601	-5,519,928	-2,454,924
17	16	Paper.....	—	8,653,987	—	+1,133,659
16	17	Gasoline.....gal.	109,021,177	7,998,336	-10,016,943	+278,429
18	18	Clay and products.....	—	7,934,630	—	+277,428
22	19	Glass and glassware.....	—	7,915,113	—	+1,244,852
19	20	Stone and products.....	—	7,612,473	—	+732,682
21	21	Engines and boilers.....	—	7,605,616	—	-183,490
25	22	Furs.....	—	7,153,052	—	+1,482,428
20	23	Alcoholic beverages.....	—	6,539,969	—	-430,077
33	24	Silk, raw.....lb.	2,304,618	6,340,725	-203,064	+2,034,866
32	25	Dyeing and tanning materials.....	45,231,571	6,257,072	+16,407,028	+1,943,994

In Canadian exports, excluding gold, the United States led in 1939 for the first time in some years. The United Kingdom was second. Each of these two was more than ten times as important a market for Canadian goods as Australia—the country ranking next (third) in the list of importers of Canadian goods. Five of Canada's first eight customers are members of the British Empire.

The destinations of Canada's exports are varied. In 1939, thirty-eight countries each received more than \$1,000,000 worth of Canadian goods. In imports thirty countries each supplied more than \$1,000,000 worth of goods to Canada.

After the United States and the United Kingdom, the British Straits Settlements (\$13,145,000), Australia (\$11,269,000), British India (including Burma) (\$10,358,000), lead the list of countries from which Canadian imports are received. In domestic exports the United States and the United Kingdom again take precedence; the third, fourth and fifth countries are Australia (\$32,029,000), Japan (\$28,168,000), and British South Africa (\$17,965,000).

### Domestic Exports of Twenty-five Leading Commodities, Calendar Year 1939 Compared with 1938

Rank		Commodity (In order of value, 1939)	Total Domestic Exports, 1939		Increase or Decrease 1939 Compared with 1938	
1938	1939		Quantity	Value	Quantity	Value
				\$		\$
1	1	Newsprint paper....cwt.	53,173,817	115,685,970	+4,680,725	+11,070,928
3	2	Wheat.....bu.	162,904,586	109,050,542	+48,726,285	+19,656,728
4	3	Nickel.....cwt.	2,347,813	37,933,511	+370,773	+5,437,094
6	4	Planks and boards.M ft.	2,113,160	48,829,466	+446,072	+12,941,985
5	5	Copper in forms....cwt.	3,903,770	40,232,379	-266,646	-1,393,249
7	6	Meats.....	-	37,445,336	-	+1,136,535
8	7	Wood-pulp.....cwt.	14,110,308	31,000,602	+3,029,566	+3,269,864
9	8	Fish....."	3,296,628	27,742,020	+438,244	-2,448,762
10	9	Aluminium bars...."	1,411,579	29,684,476	+117,092	+2,631,924
11	10	Automobiles.....No.	58,503	22,551,011	+735	+314,341
12	11	Wheat flour.....bbl.	5,342,172	16,378,301	+1,430,286	-1,259,442
19	12	Cattle.....No.	293,424	15,353,121	+114,201	+6,171,922
14	13	Asbestos, raw.....ton	346,018	14,365,288	+57,131	+1,255,102
13	14	Furs, raw.....	-	14,130,188	-	+539,964
16	15	Cheese.....cwt.	909,448	12,248,650	+99,557	+374,427
15	16	Pulpwood.....cord	1,392,311	11,901,480	-195,218	-1,740,318
18	17	Copper ore and blister.....cwt.	1,526,127	11,618,806	+122,793	+824,984
21	18	Machinery, except farm.	-	10,873,125	-	+1,090,406
29	19	Tobacco, raw.....lb.	32,210,012	10,182,967	+15,868,963	+4,708,488
25	20	Zinc.....cwt.	3,571,682	9,922,232	+445,390	+106,224
23	21	Lead....."	3,696,759	9,850,076	+526,495	+866,885
28	22	Fertilizers....."	7,277,471	9,179,148	+1,645,884	+2,112,962
17	23	Silver ore and bullion.oz.	21,030,580	8,525,173	-7,520,934	-3,854,149
30	24	Shingles, wood.....sq.	2,935,349	8,224,756	+1,035,715	+3,067,187
26	25	Tires and tubes, rubber.....No.	1,187,739	8,023,335	-40,274	+118,783



# EXTERNAL TRADE

## Summary of Trade with British Empire and Foreign Countries

Calendar Year	Canada's Trade with—					
	United Kingdom	United States	Other British Empire	Other Foreign Countries	Total, British Empire	Total, Foreign Countries
	\$	\$	\$	\$	\$	\$
<b>Imports—</b>						
1928.....	190,756,736	825,051,549	63,401,247	142,508,384	254,157,983	968,159,933
1929.....	194,777,650	893,585,482	62,321,200	148,308,360	257,098,850	1,041,893,842
1930.....	162,632,466	653,676,496	65,219,110	126,951,407	227,851,576	780,627,903
1931.....	109,468,081	393,775,289	42,531,841	82,323,175	151,999,922	476,098,464
1932.....	93,508,143	263,549,346	34,549,472	61,007,296	128,057,615	324,556,642
1933.....	97,878,232	217,291,498	34,806,405	51,238,176	132,684,637	268,529,674
1934.....	113,415,984	293,779,813	43,650,726	62,622,974	157,066,710	356,402,787
1935.....	116,670,227	312,416,604	57,218,583	64,009,137	173,888,810	376,425,741
1936.....	122,971,264	369,141,513	66,347,757	76,730,310	189,319,021	445,871,823
1937.....	147,291,551	490,504,978	89,304,287	81,795,509	236,595,838	572,300,487
1938.....	119,292,430	424,730,567	66,806,174	66,622,183	186,098,604	491,352,750
1939.....	114,007,409	496,898,466	74,892,867	65,256,792	188,900,276	562,155,258
<b>Exports(Domes- tic)—<sup>1</sup></b>						
1928.....	446,128,667	481,531,086	99,197,726	312,331,836	545,326,393	793,862,922
1929.....	290,294,564	492,685,696	105,006,494	264,429,666	395,301,058	757,115,272
1930.....	235,213,959	373,424,236	81,128,537	173,882,933	316,342,496	547,307,169
1931.....	170,597,455	240,196,849	49,183,951	127,675,185	219,781,406	367,872,034
1932.....	178,171,680	158,705,050	38,985,273	114,021,109	217,156,953	272,726,159
1933.....	210,697,224	168,242,840	44,483,457	106,026,008	255,180,681	274,268,848
1934.....	270,491,857	218,597,071	64,926,281	95,299,027	335,418,138	313,896,098
1935.....	303,500,846	261,685,372	74,143,267	85,647,974	377,644,113	347,333,346
1936.....	395,351,950	333,916,949	84,294,078	124,261,956	479,646,028	458,178,905
1937.....	402,062,094	360,012,143	104,159,107	131,133,574	506,221,201	491,145,717
1938.....	339,688,685	270,461,189	103,213,752	124,220,291	442,902,437	394,681,480
1939.....	328,099,242	380,392,047	102,707,304	113,727,511	430,806,546	494,119,558

<sup>1</sup> Excluding gold.

Canadian Douglas  
Fir 'Squares' being  
Unloaded at  
Bombay Docks.



Courtesy, Dept. of  
Trade and  
Commerce.



Canadian Dairy  
Cattle being  
Landed at  
Hong Kong.

*Courtesy, Dept. of  
Trade and  
Commerce.*

**Review of Canada's Trade, by Months.**—The totals for the period September, 1939, to August, 1940, were \$992,000,000 in imports, and \$1,130,000,000 in exports, compared with the preceding twelve-month period totals of \$670,000,000 and \$870,000,000, respectively.

Imports and exports of gold are subject to influences that do not apply to trade in other commodities. It has been considered advisable for the present, as from September, 1939, to exclude the gross figure of gold imports and exports from the ordinary trade reports. This is in line with procedure adopted in other countries. However, the figure for net non-monetary gold exports will continue to be published as a footnote to the regular trade statistics. All export statistics for earlier years given have been revised so as to be comparable with current figures.



Vendors of Ice Cream  
Manufactured from  
Canadian Milk  
Powder,  
Calcutta, India.

*Courtesy, Dept. of  
Trade and  
Commerce.*

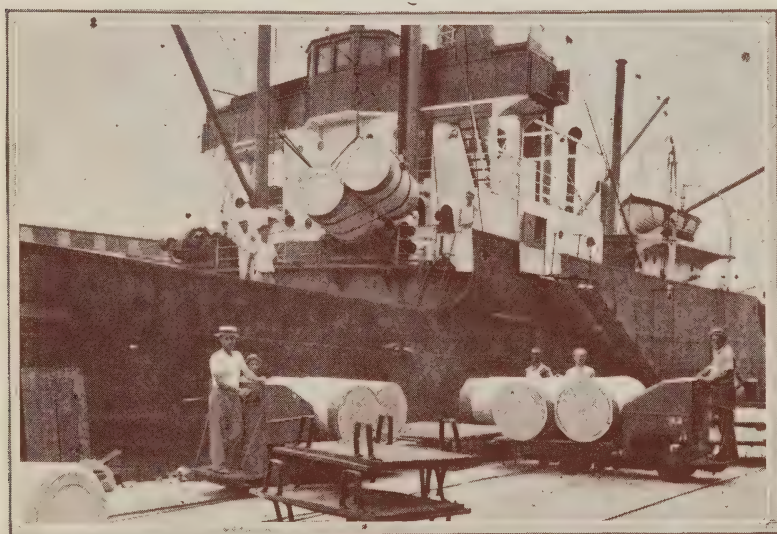


## Imports and Exports by Months, January, 1937, to October, 1940

Month	Imports				Exports of Canadian Produce <sup>1</sup>			
	1937	1938	1939	1940	1937	1938	1939	1940
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
January.....	51,583	49,720	43,743	71,104	76,663	70,300	70,083	90,100
February.....	48,681	46,952	40,380	71,042	64,018	59,619	57,572	71,079
March.....	70,990	65,056	58,381	76,734	83,371	73,329	69,270	82,719
April.....	56,886	48,895	41,908	85,980	58,494	50,860	50,311	83,565
May.....	76,707	67,123	72,958	100,537	89,170	66,998	79,932	109,853
June.....	75,669	58,947	63,709	90,705	94,026	65,944	76,367	110,823
July.....	71,996	55,823	57,980	89,496	90,820	66,181	75,753	100,782
August.....	69,966	57,026	62,708	96,836	89,216	69,111	75,560	110,548
September.....	70,240	56,412	73,564	85,287	82,505	72,206	81,461	101,440
October.....	82,113	63,909	79,053	108,645	93,268	88,169	90,433	102,972
November.....	80,641	63,304	84,561	—	100,724	85,979	97,163	117,457
December.....	53,125	44,286	72,109	—	75,093	68,888	101,022	—

<sup>1</sup> Excluding gold.

**World Trade During 1939.**—The rising trend of world trade in the years 1933-37 was replaced in 1938 by a definite decline. In 1939 the rising tendency was resumed and the statistics of most countries, like those of Canada, indicate a somewhat greater foreign trade activity than in 1938, though in few cases were the high levels of 1937 attained.



Unloading Canadian Newsprint at Havana, Cuba.

*Courtesy, Department of Trade and Commerce.*

The attempts of many countries to balance imports and exports with each country with which they deal, and the formation of trading blocs (united by the acceptance of a common currency) were adverse factors of previous years, which continued to operate during the first eight months of 1939. These attempts result in a smaller volume of world trade and production, and tend to make the smaller production more costly per unit.



The trade of most of the countries of the world fell in the first month or two after the outbreak of war. As ocean transport was adapted to war conditions, and increased trade of the Allies made up for the lessened trade of Germany, the total of world trade has shown progressive increase to equal or surpass pre-war levels.

**Net Imports and Domestic Exports of Seventeen Countries with Percentage Increase or Decrease, 1939 Compared with 1938**

Country	Net Imports		Domestic Exports		Percentage of Increase or Decrease 1939 Compared with 1938	
	1938	1939	1938	1939	Imports	Exports
	\$'000,000	\$'000,000	\$'000,000	\$'000,000	p.c.	p.c.
Argentina.....	446	429	441	505	-3.8	+14.5
Australia.....	519	353	522	444	-31.9	-14.9
Belgium.....	776	684	734	762	-11.9	+3.8
Brazil.....	298	314	298	354	+5.4	+18.8
British India.....	554	536	598	628	-3.2	+5.0
<b>Canada.....</b>	<b>677</b>	<b>751</b>	<b>838<sup>1</sup></b>	<b>925<sup>1</sup></b>	<b>+10.9</b>	<b>+10.4</b>
Denmark.....	360	369	340	334	+2.5	-1.8
France.....	1,334	<sup>2</sup>	881	<sup>2</sup>	-	-
Germany <sup>3</sup> .....	2,473	<sup>2</sup>	2,294	<sup>2</sup>	-	-
Italy.....	589	<sup>2</sup>	550	<sup>2</sup>	-	-
Japan.....	763	784	768	962	+2.8	+25.3
Netherlands.....	783	842	574	537	+7.5	-6.4
Sweden.....	523	622	465	469	+18.9	+0.9
Switzerland.....	270	443	303	304	+64.1	+0.3
Union of South Africa.....	452	<sup>2</sup>	479	<sup>2</sup>	-	-
United Kingdom.....	4,525	3,880	2,318	2,027	-14.3	-12.6
United States.....	1,962	2,371	3,076	3,253	+20.8	+5.8
<b>Comparable Totals, 13 Countries Given for 1939</b>	<b>12,456</b>	<b>12,378</b>	<b>11,275</b>	<b>11,504</b>	<b>-0.6</b>	<b>+2.0</b>

<sup>1</sup> Excluding gold.

<sup>2</sup> Not available.

<sup>3</sup> Includes Austria.

## The Commercial Intelligence Service

The Commercial Intelligence Service, maintained by the Department of Trade and Commerce, is designed to further the interests of Canadian trade in other parts of the Empire and in foreign countries. To this end there are established throughout the world offices administered by Trade Commissioners. These Trade Commissioners make periodical reports upon trade and financial conditions, variations in markets, and the current demand or opportunities for Canadian products. They also secure and forward to the Department at Ottawa inquiries for Canadian goods and, in general, promote the development of overseas markets.

**Organization at Ottawa.**—The headquarters staff at Ottawa is presided over by a Director, who administers the work assigned to the various Trade Commissioners and is assisted by the following divisions: Directories—Exporters Directory, listing Canadian exporters, with their agents abroad, commodities handled, etc., and Foreign Importers Directory; Editorial; Commodity Records—where information regarding markets for Canadian export commodities is indexed; Economics; Animal and Fish Products; Vegetable Products; Metals and Chemical Products; Forest Products; and Miscellaneous Manufactures.

**Organization Abroad.**—There are twenty-nine Canadian Trade Commissioners or commercial diplomatic officers conveniently located abroad. In some countries or territories, such as the United Kingdom, Australia, British West Indies, South Africa, and the United States, there is more than one commercial officer; in other cases an officer covers adjacent countries. Besides the five mentioned above, countries in which officers are located are as follows: Argentina, Brazil, British Malaya, China, Cuba, Egypt, Hong Kong, India and Ceylon, Ireland (Eire) and Northern Ireland, Mexico, New Zealand, Panama, and Peru.

Under an arrangement made by the Minister of Trade and Commerce with the British Foreign Office, Canadians interested in trade matters may secure information and advice from British commercial diplomatic officers and British consuls in all countries in which Canada is not represented by her own Commercial Intelligence Service.

**Commercial Intelligence Journal.**—The Commercial Intelligence Journal, containing the reports of the Trade Commissioners and other pertinent material relating to export trade, is published weekly by the Department of Trade and Commerce in both English and French editions. The subscription price for either edition is \$1 per annum in Canada and \$3.50 outside of the Dominion. Special reports dealing with various phases of Canada's export trade are also issued from time to time, as supplements to the Commercial Intelligence Journal.

### Non-Commodity Items of Foreign Exchange

A nation's commodity trade alone cannot be taken as a complete index of its prosperity, for there are many other exchanges besides those of goods, all of which must be taken into account in order to find out the basic state of affairs in regard to total international transactions.

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Hall Harbour on the Fundy Coast of Nova Scotia.

*Courtesy, Bureau of Information, Halifax, N.S.*







Trail Riders, Blue Creek, Jasper National Park.

*Courtesy, National Parks Bureau.*

**The Tourist Trade.**—An item in exchange that deserves special mention is the tourist trade. By far the most important factor is the automobile traffic between Canada and the United States, it being estimated that such United States tourists spent \$168,607,000 in Canada in 1939, while Canadian automobile tourists spent about \$44,000,000 in the United States. Tourist expenditures are, in part, the return that Canada derives from her picturesque scenery, fish and game, winter sports, etc.

The Rugged North Shore of Lake Superior near Fort William and Port Arthur.

*Courtesy, Civic Tourist Bureau, Fort William, Ont.*





## Summary of Tourist Expenditures, 1929, and 1933-39

Year	Expenditures of Outside Tourists in Canada (A)	Expenditures of Canadian Tourists in Other Countries (B)	Excess of (A) over (B)
	\$	\$	\$
1929.....	309,379,000	121,645,000	187,734,000
1933.....	117,124,000 <sup>1</sup>	50,860,000	66,264,000
1934.....	145,974,000	63,658,000	82,316,000
1935.....	214,778,000	95,600,000	119,178,000
1936.....	251,299,000	110,400,000	140,899,000
1937.....	290,581,000	124,422,000	166,159,000
1938.....	281,850,000 <sup>2</sup>	121,958,000 <sup>2</sup>	159,892,000 <sup>2</sup>
1939.....	274,771,000 <sup>1</sup>	108,796,000	165,975,000

<sup>1</sup> Converted into Canadian funds at average rates of exchange for the period.  
figures.

<sup>2</sup> Revised

Apart from the revenue that Canada derives directly from the tourist trade there are many other important results. First-hand knowledge of the country, its products and resources, serves to stimulate the demand for such products and attracts new capital for investment here. There is, too, a value, which cannot be measured in dollars and cents, derived from neighbours becoming better acquainted and through the exchange of ideas. A more widely diffused knowledge of the culture, interests, and difficulties of other nations leads to a richer social and intellectual life for all and the mutual understanding that springs from such contacts is an invaluable source of international goodwill.

**The Canadian Balance of International Payments.**—There are other important exchanges of services as well as numerous movements of capital between Canada and other countries. In order to summarize all of the nation's commercial and financial transactions with other countries and to reveal their general significance, a statement called the balance of international payments is drawn up. A statement of this kind segregates all of the current exchanges of merchandise, gold, and services from operations on capital account, those which, for example, usually directly affect Canada's foreign assets and liabilities.

By doing this it is possible to observe the various sources of external income and disbursements and their relationships. When current income exceeds current disbursements, as has been the experience of Canada for a period of years, this is indirect evidence that the movement of capital is outward on balance. The direct study of capital movements shown in the capital account of the statement confirms these indirect estimates and reveals the general character of the movements. By making an analysis of capital movements it is possible to appraise their general consequences. Such an analysis discloses, for instance, whether the nation is increasing

or reducing its foreign obligations. It makes it possible to judge the character of the changes, such as whether their effects are of a relatively permanent or temporary nature.

The accompanying statement of the Canadian balance of international payments reveals that in 1939, as in 1938, Canada continued to have a substantial credit balance from its trade in merchandise, gold, and services with other countries. These receipts from exports of merchandise, sales of gold, and the expenditure of tourists in Canada exceeded all current payments to other countries for imported merchandise and services including the large volume of interest and dividends paid to investors in other countries. The resulting balance of credits in 1939 amounted to over \$209,000,000. These surplus credits from exports of goods and services were available for the transfer of capital from Canada, and the outflow of capital therefore continued in large volume. As in other recent years, the volume of retirements of Canadian bond issues held abroad was greater than the new issues floated in capital markets outside of Canada. In contrast, in the trade in outstanding securities there was an inflow of capital as sales by Canada of outstanding securities—United States stocks, as well as Canadian stocks and bonds—exceeded Canadian purchases. Other capital movements were very substantial and predominantly outwards. Among these movements were those arising from the operations of insurance companies and international direct investments (in 'branch plants'), changes in short-term assets, and certain accounting adjustments to entries, such as the gold item, elsewhere in the statement.

The credit balance in 1939 was larger than in 1938. This was mainly the result of larger credits from the merchandise trade and gold. Net revenue from the tourist trade was only slightly higher than in 1938. Heavier payments on account of interest and dividends and freight partly offset the gains in the three principal sources of revenue noted. Capital movements in 1939 were more varied and on a larger scale than in 1938. The larger outflow for the retirement of securities owned abroad was, in part, a reflection of the repatriation operations that commenced in November as a part of the Canadian contribution to the Allied War effort. In the trade in outstanding securities there were larger inflows of capital from the United States and continental Europe. Other capital movements were outward on balance in both years. In 1939 they were larger and affected by some large unusual transactions. In general, it should be pointed out that there were more diverse influences affecting the balance of payments in 1939 than the changes discussed above indicate. Among the more notable new factors was the introduction of foreign exchange control and the setting of official foreign exchange rates shortly after the outbreak of war.

In both years, it may be perceived, the net credits on account of exchanges of merchandise, gold, and services were greater than the net payments traced in the capital account. If all of the estimated values of transactions entering the accounts were exactly accurate, and if there were no omissions, these balancing items would offset one another. Such perfect accuracy is unattainable in practice, of course, owing to the magnitude and complex character of the transactions.

# EXTERNAL TRADE

## Estimated Balance of International Payments, 1938 and 1939

Item	1938		1939 <sup>1</sup>	
	Gross Value of Transactions	Net Receipts (+), Net Payments (-)	Gross Value of Transactions	Net Receipts (+), Net Payments (-)
	\$'000,000	\$'000,000	\$'000,000	\$'000,000
<b>Exchanges of Commodities, Gold, and Services</b>				
Merchandise sold to other countries.....	847.1	} +181.6	933.6	} +202.0
Merchandise bought from other countries.....	665.2		731.6	
Receipts from gold sold to other countries.....	-	+156.5	-	+184.4
Expenditures in Canada of tourists from abroad	282.7	} +161.7	275.0	} +165.0
Expenditures of Canadian tourists abroad.....	121.0		110.0	
Interest and dividends received from abroad.	66.0	-251.0	53.2	-260.8
Interest and dividends paid abroad.....	317.0	} -25.4	314.0	} -40.8
Receipts from abroad for freight transportation...	79.6		86.0	
Payments abroad for freight transportation...	105.0	} -43.5	126.8	} -40.8
Receipts from other trade and service trans- actions.....	23.4		29.1	
Payments for other trade and service trans- actions.....	66.9		69.9	
<b>Net Receipts (Credits).....</b>	-	+180.2	-	+209.0
<b>Capital Movements</b>				
Sales of new issues of Canadian securities abroad	88.6	} -61.9	144.5	} -90.2
Retirements of Canadian securities owned abroad.....	150.5		234.7	
Receipts from the sale of other securities abroad.....	369.2	} +28.9	311.0	} +72.1
Payments for the purchase of other securities abroad.....	340.3		238.9	
Other capital movements.....	-	-102.0	-	-144.0
<b>Net Outward Movement (Net Payments)</b>	-	-135.0	-	-162.1

<sup>1</sup> Preliminary.



## CHAPTER XIII

### Internal Trade—Cost of Living—Prices

Internal trade is of primary importance. The task of providing goods and services for home consumption by 11,422,000 people requires a greater expenditure of economic activity than that required for the prosecution of external trade, even though Canada ranked fifth among trading countries of the world, according to the latest pre-war figures (1938). Internal trade includes the transportation and distribution of goods within the country through the medium of railways, steamships, warehouses, wholesale and retail stores, and other agencies. It also includes all services such as those carried on by doctors, theatres, hospitals, schools, banks, insurance companies, and innumerable others. All such activities, even if not productive of material goods, add substantially to the national income.

Unfortunately, owing to the many ramifications of internal trade, its statistical measurement presents great difficulties. Nevertheless, some idea of its extent may be gathered from the fact that in the latest year for which figures have been published (1933), the national income arising from those gainfully occupied in Canada was estimated at \$4,265,000,000, while the value of exports of Canadian produce was \$1,015,000,000 in that year.

**Current Trends.**—A moderate but sudden increase in consumer purchasing occurred immediately following the outbreak of war in 1939; dollar volume of retail trading for 12 lines of business, principally those dealing in food, clothing, and household requirements, averaged 12 p.c. higher in September, 1939, than in the corresponding month of 1938. Anticipation of rising prices was the stimulating factor at this time. Grocery and meat-store sales averaged 15 p.c. above September, 1938. Remembrance of the high levels to which prices of such staple products as flour, sugar, and tea, rose during the War of 1914-18, resulted in a heavy demand for these items in September, 1939; comparative figures for these three items alone, if available, would reveal much larger increases. Demand for textile products was also strong. Sales figures for individual commodities are not available but aggregate sales for stores specializing in men's clothing and furnishings were 17 p.c. higher; women's apparel store sales and the piece goods departments of department stores increased by 15 p.c., and 21 p.c., respectively, from September, 1938.

Apart from a partial return to pre-war conditions in November, the underlying trend in retail trading was maintained at the September level until the beginning of May, 1940, when intensified war operations induced a further slightly upward movement. The composite index of sales averaged 11 p.c. higher for the year ended Aug. 31, 1940, than for the preceding twelve-month period. Music- and radio-store sales were up 19 p.c.; furniture stores, 17 p.c.; men's clothing stores, 14 p.c.; women's apparel stores, 13 p.c.; and food-store sales, 10 p.c. Thus, it may be seen that food and textile products have been surpassed by the more durable consumer goods in point of view of sales increases, anticipation of higher price levels being replaced by augmented purchasing power in the hands of consumers as the chief stimulus to retail trading.

A significant development in chain store policy in the food-retailing field during recent years is the trend towards larger stores and the closing

Display of  
Canadian Canned  
Goods at  
Cape Town,  
South Africa.



*Courtesy, Department  
of Trade and  
Commerce.*

out of smaller units. In 1934 there were only 152 individual units of food chains with annual sales of \$100,000 or more each, and these transacted 21·7 p.c. of the total food chain business. In 1939 there were 313 stores in the same size class and these accounted for 47·1 p.c. of the total sales.

*Retail Services.*—More than 40,000 establishments are engaged in supplying services of various kinds to the Canadian public. The provision of amusement and domestic and personal services forms the chief business of the service groups. In 1930, \$249,000,000 was spent by consumers in such establishments; employment was provided for 64,000 persons.

*Motion Picture Theatres.*—Conditions prevailing during the first four months of the War apparently had but little effect upon attendance at motion picture theatres. There were 138,497,043 paid admissions to 1,186 theatres in Canada in 1939 compared with 137,976,052 admissions to 1,133 theatres in the preceding year. Box office receipts (exclusive of amusement taxes) were \$34,010,115 for 1939, up 1·1 p.c. from the amount recorded for 1938. Per capita expenditure at motion picture theatres was \$3·03 for 1939, and \$3·02 for 1938.

### **Laws Regarding Combinations in Restraint of Trade**

Dominion legislation for the promotion of trade and industry has consistently included laws designed to encourage competitive enterprise and protect the interests of consumers and others by specific prohibition of private monopolistic restrictions in undue restraint of trade. An "Act for the Prevention and Suppression of Combinations Formed in Restraint of Trade", first passed in 1889, is now replaced by Sect. 498 of the Criminal Code, which provides penalties for the offences of agreeing to unduly lessen competition, production, or trade facilities or to unreasonably enhance prices. The Combines Investigation Act (R.S.C. 1927, c. 26), which succeeded earlier similar statutes, makes provision for the investigation of restrictive trade combinations and monopolies of this type.

*The Combines Investigation Act.*—A combine, as defined in the Combines Investigation Act, is a trade combination, merger, trust, or monopoly, operating against the public interest through fixing common prices, enhancing prices, preventing competition or otherwise restraining

or injuring trade or commerce. Investigations of alleged combines are conducted under the direction of a Combines Investigation Commissioner, who reports to the Minister of Labour. Participation in or knowing assistance in the formation or operation of a combine is an indictable offence. In cases where prosecution is necessary the Commissioner's report is remitted to the proper authorities for action. Operations under the present Combines Investigation Act have involved continuous investigation into complaints, applications, and inquiries relating to restrictive or potentially monopolistic trade conditions in particular industries and trades. The more extensive investigations have involved such products as bread, coal, fruits and vegetables, proprietary medicines and druggist's supplies, plumbing and electrical installations, motion pictures, tobacco, and shipping containers.

**Wholesale Trade.**—Notwithstanding the development during recent years of the modern chain store with its own warehousing facilities, the wholesale merchant still plays an important part in the distribution of goods in Canada. Indexes of wholesale sales showed an increase of 6.1 p.c. from 1938 to 1939.

### Indexes of Sales of Retail and Wholesale Establishments, 1936-39

(1930=100)

Province	Retail Stores					Wholesale Establishments <sup>1</sup>				
	1930	1936	1937	1938	1939	1930	1936	1937	1938	1939
Prince Edward Island.....	100.0	82.4	85.3	80.7	83.0	100.0	83.8	83.9	74.7	86.8
Nova Scotia.....	100.0	88.7	99.8	96.3	99.3	100.0	91.2	102.3	96.9	110.3
New Brunswick.....	100.0	79.4	90.9	84.9	88.0	100.0	84.9	98.7	94.1	98.7
Quebec.....	100.0	76.5	86.9	86.2	86.7	100.0	84.7	100.2	93.1	98.8
Ontario.....	100.0	83.0	92.9	89.9	91.1	100.0	91.5	105.1	99.4	104.3
Manitoba.....	100.0	78.5	85.2	84.9	85.5	100.0	88.3	101.4	102.8	107.9
Saskatchewan.....	100.0	69.7	68.3	68.4	76.4	100.0	70.9	70.8	74.8	82.7
Alberta.....	100.0	78.7	86.3	91.5	93.0	100.0	79.3	86.6	89.0	93.5
British Columbia.....	100.0	84.0	93.6	89.5	90.0	100.0	84.9	97.2	93.8	100.3
Yukon and N.W.T.....	100.0	61.2	75.2	75.1	68.0	-	-	-	-	-
<b>Canada.....</b>	<b>100.0</b>	<b>80.1</b>	<b>89.0</b>	<b>87.3</b>	<b>88.8</b>	<b>100.0</b>	<b>86.2</b>	<b>98.7</b>	<b>94.6</b>	<b>100.4</b>

<sup>1</sup> Regular wholesale houses. For a full description of the index, see the report "Wholesale Trade in Canada, 1930-33", obtainable from the Dominion Statistician.

**Retail Trade.**—The final stage in the distribution of consumer goods is effected through a great number of retail stores ranging in size from small shops with meagre daily takings to large enterprises whose annual sales are reckoned in millions of dollars. The 1931 Census of Merchandising and Service Establishments showed that there were 125,000 retail stores in Canada in 1930, with annual sales amounting to \$2,756,000,000.

Conforming with the trend in general business conditions, retail trading declined during the period following the census year until in 1933 dollar value of retail sales was 35 p.c. below the 1930 level. A gradual improvement that commenced in the latter part of 1933 continued until 1937 when dollar sales were 37 p.c. above the mid-depression period and came within 11 p.c. of the amount recorded for 1930. Sales in 1938 and 1939 varied but little from the 1937 level.



## INTERNAL TRADE

*Chain Stores.*—The annual survey of chain stores made in connection with the Census of Merchandising shows that chain stores (other than department store chains) did approximately 18 p.c. of the total retail business in 1939. In earlier years the ratio of chain to total sales varied from 17 to 19 p.c.

**Summary Statistics of Chain Stores, 1931-39**

Calendar Year	Chains	Chain Stores	Value of Chain Sales	
			Amount	P.C. of Total Sales
	No.	No.	\$	
1931.....	506	8,557	434,199,700	18.7
1932.....	486	8,398	360,806,200	18.8
1933.....	461	8,230	328,902,600	18.5
1934.....	445	8,210	347,186,100	17.9
1935.....	445	8,024	364,589,800	17.9
1936.....	457	8,124	394,935,000	17.9
1937.....	447	7,815	414,133,300	16.9
1938.....	457	7,692	414,448,300	17.2
1939.....	446	7,595	432,026,100	17.7

**Co-operative Associations.**—There is no definite information as to the extent of the co-operative movement in Canada. The Co-operative Union of Canada is a Dominion body carrying on educational work. Only a small proportion of the organizations which claim to conduct business by co-operative methods are affiliated with it. Of 65 retail societies affiliated with the Union in 1939, 48 reported a membership of over 20,000 and aggregate sales of more than \$5,500,000. Three wholesale societies in the Prairie Provinces reported an increasing business. Of the 164,449 members of co-operative organizations reporting to the Union, over 136,000 were members of farmers' marketing organizations.

**Fruit Market at Hamilton, Ont.**

*Courtesy, Canadian Government Motion Picture Bureau.*



In contrast to the slow development of retail societies has been the expansion of credit unions in recent years. Of these there are about 850. In Quebec, where "People's Banks" have been in existence for many years, 338 were reported in 1938, while in Nova Scotia there were 196 credit unions in July, 1940, with loans for the last nine months of 1939 amounting to over \$589,000. In New Brunswick and Prince Edward Island the movement has also shown considerable strength. In 1939, 119 New Brunswick societies reported \$375,000 in loans and in Prince Edward Island 44 societies reported \$124,600 in loans. In the other provinces credit unions have been organized and the number is increasing.

### Cost of Living

Statistics of cost of living constitute a very important phase of price statistics. Index numbers of retail prices, rents, and costs of services, issued by the Bureau of Statistics, are constructed to measure the general movement of such prices and costs in the Dominion as a whole. They are computed in such a manner as to make comparisons possible with other general index numbers constructed on similar principles, as, for example, the index of wholesale prices. Calculated as they are on the aggregative principle, i.e., the total consumption of each commodity, the Bureau's index numbers afford an excellent measurement of changes in the average cost of living in the Dominion as distinguished from that of any particular class or section.

#### Index Numbers of Living Costs in Canada, 1935-39, and by Months, 1940

(Av. 1935-39=100)

Year or Month	Food	Rent	Fuel and Light	Clothing	Home Furnishings	Sundries	Total
1935.....	94.6	94.0	100.9	97.6	95.4	98.7	96.2
1936.....	97.8	96.1	101.5	99.3	97.2	99.1	98.1
1937.....	103.2	99.7	98.9	101.4	101.5	100.1	101.2
1938.....	103.8	103.1	97.7	100.9	102.4	101.2	102.2
1939.....	100.6	103.8	101.2	100.7	101.4	101.4	101.5
1940—							
January.....	104.5	104.4	105.5	103.3	104.3	101.8	103.8
February.....	104.5	104.4	105.8	103.3	104.3	101.9	103.8
March.....	104.8	104.4	105.7	107.8	105.9	101.9	104.6
April.....	104.8	104.4	105.9	107.8	106.1	101.8	104.6
May.....	104.4	106.9	106.1	107.8	106.2	101.8	104.9
June.....	103.8	106.9	106.0	109.1	106.5	101.8	104.9
July.....	105.3	106.9	107.9	109.1	106.9	102.2	105.6
August.....	105.4	106.9	108.4	109.1	106.9	103.0	105.9
September.....	105.4	106.9	108.5	112.4	108.9	102.8	106.4
October.....	106.1	107.7	108.0	113.5	109.7	102.8	107.0
November.....	108.7	107.7	108.5	113.5	110.0	102.8	107.8
December.....	—	—	—	—	—	—	—

<sup>1</sup> Preliminary figures.

Cost of living indexes shown in the above table are the first in a new series prepared by the Dominion Bureau of Statistics in consultation with the Dominion Department of Labour and the Wartime Prices and Trade Board. Price averages for the five-year period 1935 to 1939 were taken as equal to 100.0 while changes in weighting were based upon the expenditure experience of 1,439 urban wage-earner families in the year ended Sept. 30, 1938.

The gradual easing in prices apparent in 1938 continued through the first eight months of 1939. In the ensuing twelve months under war-time conditions, prices advanced rapidly, with the most pronounced increases in clothing, foods, fuel and light, and home furnishings. The composite index showed a net rise of 5·6 p.c. from August, 1939, to Sept. 1, 1940. Of this amount 2·5 p.c. was accumulated in the first eight months of 1940.

### Review of Wholesale Prices, August, 1939-June, 1940

The first phase of wholesale price index movements extending from September, 1939, to March, 1940, opened with a sharp advance concentrated largely in September and early October. Further gradual gains in the next four months resulted in a net increase of 14·7 p.c. by the first week in March. In the next two and one-half months certain commodity markets recorded varying declines, and by the week ended May 24, the Bureau's general wholesale price index was only 12·2 p.c. above the August, 1939, level. In the month following, early increases were partially lost towards the close, leaving the index 12·7 p.c. above August, 1939.

The most striking feature of the autumn rise in 1939 was the small number of commodities responsible for the major part of the advance. Grains, milled products, sugar, butter, cheese, textiles, pulp, and newsprint accounted for more than 70 p.c. of the increase in the general index, although they were responsible for less than one-third of the value of all items represented. By the week ended June 28, 1940, these same items accounted for barely 50 p.c. of the net increase over pre-war levels.

The subsequent reaction was due mainly to sharp declines in Canadian farm products including grains, hides, butter, and cheese. Lower prices for these commodities were sufficiently severe to overbalance continued moderate increases for a wide range of other commodities including meats, scrap metals, coal, wool fabrics, sugar, wood-pulp, lumber, and miscellaneous fabrics.

### Percentage Change of Wholesale Prices in 36 Principal Commodity Groups, between August, 1939, and the Week Ended June 28, 1940

Commodity Group	Percentage Change		Commodity Group	Percentage Change	
	Aug., 1939, to June 28, 1940	Mar. 8, 1940, to June 28, 1940		Aug., 1939, to June 28, 1940	Mar. 8, 1940, to June 28, 1940
Cloth, woollen.....	+53·7	+2·8	Aluminium.....	+9·6	0·0
Miscellaneous fibres.....	+44·0	+2·8	Rubber products.....	+9·3	-1·1
Wood-pulp.....	+39·5	+3·2	Newsprint and paper.....	+8·8	+0·5
Iron and steel, scrap.....	+33·1	+5·4	Coal.....	+8·2	+4·1
Fabrics, silk.....	+30·4	0·0	Copper and its products.....	+8·2	-0·6
Zinc.....	+28·1	+0·3	Silver.....	+6·7	0·0
Meats, fresh.....	+26·9	+11·0	Milk and its products.....	+6·0	-13·1
Grains.....	+26·6	-22·0	Pine lumber and timber.....	+5·6	+2·6
Cotton, raw.....	+25·3	-1·6	Rolling-mill products.....	+5·5	-0·5
Milled products.....	+21·3	-12·5	Paint, prepared.....	+5·0	0·0
Fish products.....	+20·3	-1·9	Petroleum products.....	+3·7	-0·4
Sugar products.....	+18·5	+5·9	Fir lumber and timber.....	+3·5	-0·8
Fabrics, cotton.....	+15·6	+0·5	Hardware.....	+2·7	0·0
Lead.....	+15·0	0·0	Chemicals, inorganic.....	+2·0	-2·0
Paint materials.....	+12·3	-0·4	Clay and allied products.....	+0·9	+0·9
Furniture.....	+11·9	+3·0	Wire.....	0·0	0·0
Pig-iron.....	+11·3	0·0	Meats, prepared.....	-4·5	-4·4
Hides and skins.....	+10·2	-36·4	Asbestos products.....	-4·9	+0·1





Part of the Shipping  
Floor in a Wholesale  
Grocery Warehouse.



Men's Furnishings  
Department in a Wholesale  
Dry Goods Showroom.

*Inset:*  
Babies Wear Department.



Attractive Display Shelves  
in a Modern Retail  
Provision Store.

Grain  
Elevators at  
Port Arthur,  
Ont.



*Courtesy, Canadian  
Gov't. Motion  
Picture Bureau.*

The slight rise of late May and June was fairly general in character. It was curtailed somewhat by further weakness in several commodity groups that had participated in the April-May decline, notably grains, milled products, milk products, hides, copper, silver, and petroleum products. The most substantial gains in May and June were recorded for fresh meats, fish, raw cotton, and scrap metals. There was a tendency towards diffusion in wholesale price movements in early summer in which decreases were more pronounced than increases.

## CHAPTER XIV

### Public Finance

#### Dominion Finance

Among the powers conferred on the Dominion Government by the British North America Act were: the right to deal with the public debt and property; the right to raise money by any system of taxation (the provinces were limited to direct taxation); and the borrowing of money on the credit of the Dominion. The Department of Finance was established in 1869 to have supervision, control and direction of all matters relating to financial affairs, public accounts, etc., of the Dominion.

At Confederation the revenues, notably the customs and excise duties that had previously accrued to the treasuries of the provinces, were transferred to the Dominion and combined into a consolidated revenue fund against which certain specific charges, such as cost of collection, interest on public debt, and salary of the Governor General, were made. The remainder of the fund was appropriated by Parliament. The public works, cash assets, and other property of the provinces, except lands, mines, minerals, and royalties, also became Dominion property. In its turn the Dominion became responsible for the pre-existing debts of the provinces.

Since the main source of the revenues of the provinces was now taken over, the Dominion undertook to pay annual subsidies to the provinces for the support of their governments and legislatures. With the growth of the Dominion, the principle of subsidy payments has been extended to the western provinces; from time to time adjustments have been made.

#### Dominion Finances, 1868-1940

Fiscal Year	Revenue Receipts	Per Capita Receipts <sup>1</sup>	Total Expenditure	Per Capita Expenditure <sup>1</sup>	Net Debt at End of Year	Net Debt Per Capita
	\$	\$	\$	\$	\$	\$
1868.....	13,687,928	3.90	14,071,689	4.01	75,757,135	21.58
1871.....	19,375,037	5.25	19,293,478	5.23	77,706,518	21.06
1881.....	29,635,298	6.85	33,796,643	7.82	155,395,780	35.93
1891.....	38,579,311	7.98	40,793,208	8.44	237,809,031	49.21
1901.....	52,516,333	9.78	57,982,866	10.80	268,450,004	49.99
1911.....	117,884,328	16.36	122,861,250	17.05	340,042,052	47.18
1921.....	436,292,184	49.65	528,302,513 <sup>2</sup>	60.12	2,340,878,984	266.37
1926.....	382,893,009	40.51	355,186,423 <sup>2</sup>	37.58	2,389,731,099	252.85
1931.....	357,720,435	34.48	441,568,413 <sup>2</sup>	42.56	2,261,611,937	217.94
1932.....	334,508,081	31.84	448,742,316 <sup>2</sup>	42.71	2,375,846,172	226.14
1933.....	311,735,286	29.19	532,369,940 <sup>2</sup>	49.84	2,596,480,826	243.09
1934.....	324,660,590	30.00	458,157,905 <sup>2</sup>	42.33	2,729,978,140	252.22
1935.....	361,973,763	33.10	478,106,581 <sup>2</sup>	43.72	2,846,110,958	260.28
1936.....	372,595,996	33.79	532,585,555 <sup>2</sup>	48.29	3,006,100,517	272.59
1937.....	454,153,747	40.84	532,005,432 <sup>2</sup>	47.84	3,083,952,202	277.33
1938.....	516,692,749	46.10	534,408,117 <sup>2</sup>	47.68	3,101,667,570	276.71
1939.....	502,171,354	44.37	553,063,098 <sup>2</sup>	48.88	3,152,559,314	278.62
1940.....	562,093,459	49.21	680,793,792 <sup>2</sup>	59.60	3,271,259,647	286.40

<sup>1</sup> Per capita figures for census years are based upon census populations and for intervening years on official estimates. <sup>2</sup> Includes advances to railways and transfers from active to non-active assets.

The single item of railways and canals accounted for almost the entire increase in the net direct debt of from \$76,000,000 in 1868 to \$336,000,000 in 1914. To a very great extent, therefore, the national debt down to the War of 1914-18 represented expenditures for productive purposes and tangible assets were acquired by the Dominion therefor. More-



over, this debt was held largely outside Canada. The next decade witnessed the tremendous increase in the direct debt from \$336,000,000 to a maximum of \$2,453,777,000 in 1923—an increase of over two billions of dollars not represented, in the main, by corresponding assets, and upon which interest charges were relatively high. One redeeming feature was that the major portion of this debt was held within the country, for the abnormal prosperity induced by the war provided Canadians with the funds to invest in Government issues and the added desire of the Government to tap the rapidly accumulating resources of the masses was instrumental in instructing the man-in-the-street how to invest his money in bonds. Following 1923 there was a steady fall in the net direct debt to \$2,177,764,000 in 1930, but the depression, with accompanying railway deficits and large necessary expenditures for unemployment relief and, more recently, the heavy expenditures included in the War effort, have established a new high level of indebtedness of \$3,271,259,647, as at Mar. 31, 1940, or an equivalent of \$286.40 net debt per capita.

*The First War Budget.*—On Sept. 12, 1939, at a special session of Parliament called following on the outbreak of war in Europe, the Acting Minister of Finance, Hon. J. L. Ilsley, presented a comprehensive program of tax changes intended to provide revenues to meet the additional expenditures arising out of Canada's participation in the War. The most important feature of this program was the Excess Profits Tax Act, which embodied a graduated tax on profits when calculated as a percentage of capital employed in the undertaking, or a tax of 50 p.c. on the increase in profits over the average profits for the four years 1936-39, or the four fiscal periods of the taxpayer ending therein. It was provided that, in either case, the ordinary income tax paid could be deducted as an expense before calculating the Excess Profits Tax. Increases were made in the rates of income tax payable by both individuals and corporations.

Under the Excise Act the duty was increased on: spirits, Canadian brandy, manufactured tobacco, cigarettes, malt, malt liquor and malt syrup.

Under the Customs Tariff, increases were made in the duty on imported beers, liquors, wines, and tobaccos to correspond with the increases made in the tax on these products when manufactured domestically. In addition, there was imposed an increase of 10 cents per pound in the duty on coffee and of 5 cents per pound on tea valued less than 35 cents per pound, 7½ cents per pound on tea valued 35 cents or more but less than 45 cents per pound, and 10 cents per pound on tea valued 45 cents or more per pound.

Although no increase was made in the rate of sales tax, important items were removed from the exempt list, including canned fish, salted or smoked meats, and electricity and gas when used in a dwelling place. Carbonic acid gas and similar preparations used for aerating non-alcoholic beverages were taxed at the rate of 2 cents per pound under the Special War Revenue Act, while the tax on wines of all kinds, except sparkling wines containing not more than 40 p.c. proof spirit, was increased to 15 cents per gallon; the tax on champagne and all other sparkling wines was increased to \$1.50 per gallon.

*The Second War Budget.*—On June 24, 1940, the Hon. J. L. Ralston, following the policy in war financing of attempting, as far as possible, to "pay as we go", submitted to Parliament a tax program that undoubtedly



The Royal Canadian Mint, Ottawa.

*Courtesy, Canadian Government Motion Picture Bureau.*

surpassed in severity any that the Canadian people have ever been asked to accept. In order to ensure that the war burdens will be distributed as far as possible according to ability to pay, a substantial part of the additional revenue is to be raised by direct taxes on income.

Personal exemptions under the Income War Tax Act were lowered from \$2,000 and \$1,000 to \$1,500 and \$750 for married and single persons, respectively. The entire structure was revised upward with particularly heavy increase in the middle and lower brackets. Supplementing the regular graduated income tax, there was levied a flat-rate tax of 2 p.c. on total income where income exceeds \$600 in the case of single persons and \$1,200 in the case of married persons. The rate of tax is 3 p.c. on single persons with incomes of more than \$1,200. An annual tax credit of \$8 is allowed for each dependant.

The Excess Profits Tax was extensively revised in the June Budget. Under the amended Act excess profits are taxed at 75 p.c. (previously 50 p.c.) and a minimum tax of 12 p.c. of total profits is provided for. A Board of Referees is given power under the new Act to make adjustments in certain cases.

Taxes on smokers' supplies were again raised substantially and new levies were imposed on radios, radio tubes, cameras, and phonographs.

Under the Customs Tariff the rates on tobacco were increased to compensate for higher domestic taxes, and the special duties on tea were readjusted to produce additional revenue. Other tariff changes were confined almost exclusively to products related to war production. They were technical in nature and did not involve any significant change in the general level of rates.

In addition to the above taxes whose primary purpose is provision of revenue, the Budget introduced a War Exchange Tax of 10 p.c. on all imports from non-Empire countries. This measure is designed to restrict the demand for exchange in hard currencies although the revenue aspect is also important. Steeply graduated taxes were imposed on automobiles; this is also to conserve exchange as well as to conserve productive capacity for war equipment in Canadian plants. These new taxes and tax increases were estimated to yield approximately \$280,000,000 in a year.

**The Public Accounts.**—In the Public Accounts, receipts on ordinary account are classified under two headings: (1) receipts from taxation; and (2) non-tax revenue resulting from public services maintained by the Government. Special receipts, which are usually of a non-recurring character, are included in a third category. Expenditures are classified under four headings: (1) ordinary expenditures, which include the ordinary operating costs of government, pensions, subsidies to provinces, etc.; (2) capital expenditures on account of railways, canals, and public works; (3) special expenditures consisting chiefly of expenditures designed to relieve unemployment and agricultural distress, and, since the outbreak of war, of expenditure under the Special War Appropriation; and (4) Government-owned enterprises, representing losses of, or non-active advances to Government-owned enterprises that are operated as separate corporations. Previous to the fiscal year 1935-36, this latter type of expenditure was shown under special expenditure or loans and advances (non-active).

### Summary of Total Receipts and Expenditures, Fiscal Years 1937-40

Item	1937	1938	1939	1940
	\$'000	\$'000	\$'000	\$'000
<b>Receipts</b>				
Customs Import Duties.....	83,771	93,456	78,751	104,301
Excise Duties.....	45,957	52,037	51,314	61,032
War Tax Revenue—				
Banks.....	1,210	1,107	1,014	949
Insurance companies.....	775	867	891	923
Income tax.....	102,365	120,366	142,026	134,449
Sales tax.....	112,832	138,055	122,139	137,446
Tax on cheques, excise taxes, etc.....	39,641	42,764	39,572	28,582
Totals, Receipts from Taxation.....	386,551	448,652	435,707	467,685
Non-tax Revenues.....	58,478	61,646	62,310	73,931
Totals, Consolidated Fund Receipts.....	445,029	510,298	498,017	541,616
Special Receipts and Other Credits.....	9,125	6,395	4,154	20,477
<b>Totals, Receipts.....</b>	<b>454,154</b>	<b>516,693</b>	<b>502,171</b>	<b>562,093</b>
<b>Expenditures</b>				
Ordinary Expenditures.....	387,112	414,891	413,032	398,323
Capital Expenditures.....	3,492	4,430	5,424	7,030
Special Expenditures <sup>1</sup> .....	78,004	68,535	71,895	207,404
Government-owned Enterprises <sup>2</sup> .....	44,218	44,833	58,944	42,079
Other Charges.....	19,179	1,719	3,768	25,958
<b>Totals, Expenditures.....</b>	<b>532,005</b>	<b>534,408</b>	<b>553,063</b>	<b>680,794</b>

<sup>1</sup> Includes \$69,253,000 grants-in-aid to provinces and relief projects and \$8,751,000 special drought area relief in 1936-37; \$43,948,000 grants-in-aid to provinces and relief projects and \$24,586,000 special drought area relief in 1937-38; \$25,000,000 and \$27,000,000 reserve against estimated losses on wheat marketing guarantees for 1938-39 and 1939-40, respectively. Also includes War Appropriation expenditure of \$118,291,000 in 1939-40.

<sup>2</sup> Includes net income deficit of the Canadian National Railways (including Eastern Lines) incurred in the calendar years 1936 to 1939 as follows: \$43,303,000, \$42,346,000, \$54,314,000, and \$40,096,000 taken into the accounts of the Dominion in the fiscal year after the close of the calendar year.



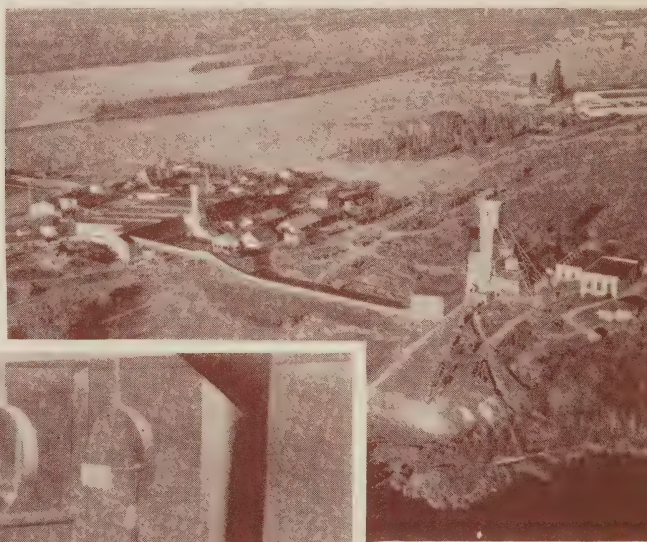
It will be seen from the table on p. 155 that, for the fiscal year ended Mar. 31, 1940, total receipts of \$562,093,000 compared with total expenditures of \$680,794,000. Expenditures include net income deficit of the Canadian National Railways amounting to \$40,096,000 and War Appropriation items amounting to \$118,291,000; a reserve against losses on wheat marketing guarantees of \$27,000,000 was also provided for. Thus, the total deficit for the year was \$118,701,000. This is substantially more than the deficit of \$50,892,000 shown in the preceding year and was due, to a considerable degree, to the heavy expenditures following the outbreak of war.

**Incomes Assessed for Income War Tax in Canada.**—In the fiscal year ended 1939, individuals and corporations paid Dominion income tax on 1937 incomes aggregating \$1,127,211,180. About one-third of the national income appears to be subject to income tax by Dominion authorities.

As regards the amount of income tax paid by various income groups, it is noteworthy that, in 1939, about 37 p.c. of the amount collected from individuals with classified incomes (\$47,799,203) was from those with deficit of \$50,892,000 shown in the preceding year and was due to the War. incomes of \$50,000 or over (such individuals might be considered as in the millionaire class and numbered only 457 out of a total of 264,804 individual taxpayers). On the other hand, individuals with incomes under \$10,000, who numbered 255,674, or about 97 p.c. of the total individual taxpayers in 1939, contributed 23 p.c. of the total for that year. In the case of corporations, those with incomes of \$50,000 or over contributed by far the major part (over 86 p.c.) of the total gross receipts (\$85,696,555) from all corporations, but the number of such companies was a very much higher proportion of the total than in the case of individuals.

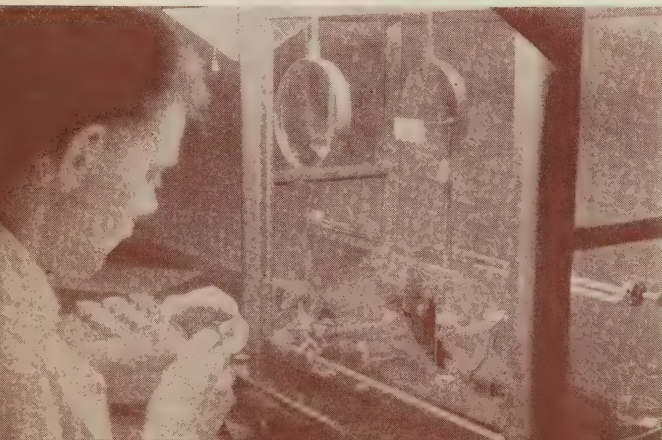
Kirkland Lake Mining District showing Teck-Hughes Mine in the Foreground and Lake Shore Mine in the Distance.

*Courtesy, Airmaps, Limited.*



Preparing to Weigh a Bead of Gold in the Assay Room of a Canadian Mine.—The bead of gold is being poured from the crucible.

*Courtesy, Photographic Arts.*



## Provincial and Municipal Finance

## Provincial Finance

Provincial Governments in Canada are in the position, under Sect. 118 of the British North America Act, 1867 (30 and 31 Vict., c. 3), and the British North America Act, 1907 (7 Edw. VII, c. 11), of having a considerable assured income in subsidies from the Dominion Treasury. In addition, through the ownership of their lands, minerals, and other natural resources, the provinces are in a position to raise considerable revenues through land sales, sales of timber, mining royalties, leases of water powers, etc. Further, under Sect. 92 of the B.N.A. Act, provinces are given authority to impose direct taxation within the province for provincial purposes and to borrow on the sole credit of the province.

Among the chief methods of taxation to be employed has been the taxation of corporations and estates. Prominent among the objects of increased expenditure are: education, public buildings and works (especially roads and highways), labour protection, charities, hospitals, etc.

## Aggregate Provincial Revenues and Expenditures

Fiscal Year	Ordinary Revenue	Ordinary Expenditure	Direct Liabilities <sup>1</sup>
	\$	\$	\$
1901.....	14,074,991	14,146,059	2
1921.....	102,030,458	102,569,515	565,470,552
1926.....	146,450,904	144,183,178	893,499,812
1929.....	183,598,024	177,542,192	1,034,071,264
1930.....	188,154,910	184,804,203	1,140,953,696
1935.....	160,567,695 <sup>2</sup>	181,175,687 <sup>3</sup>	1,717,370,436
1936.....	232,616,182	248,141,808	1,839,322,142
1937.....	268,497,670	253,443,737	1,862,303,955
1938.....	266,578,260 <sup>4</sup>	252,151,331 <sup>4</sup>	1,909,727,805
1939 <sup>5</sup> .....	275,535,514 <sup>4</sup>	267,624,783 <sup>4</sup>	2,032,684,173
Prince Edward Island.....	2,042,050	2,196,717	11,296,698
Nova Scotia.....	12,296,917	12,032,107	109,809,250
New Brunswick.....	8,475,068	9,350,155	107,439,955
Quebec.....	60,836,100	55,948,091	340,459,318
Ontario.....	97,235,891	96,913,396	723,665,806
Manitoba.....	16,960,854	16,960,854	143,647,101
Saskatchewan.....	20,958,913	21,342,813	215,820,448
Alberta.....	24,269,817	21,242,625	173,461,154
British Columbia.....	32,459,904	31,638,825	207,084,443

<sup>1</sup> Sinking funds are not deducted.

<sup>2</sup> Not available.

<sup>3</sup> Nova Scotia figures are for fourteen months and Ontario for five months.

<sup>4</sup> Figures of ordinary revenue and expenditure for 1938 and 1939 are not all-inclusive and are therefore not entirely comparable with those for previous years.

<sup>5</sup> Subject to revision.

**The Growth of Provincial Taxation.**—Whereas in earlier years the Dominion subsidies, together with provincial revenues, rendered a resort to taxation for provincial purposes practically unnecessary in most of the provinces, the great increase in the functions of government since the commencement of the present century has put an end to this state of affairs. Ordinary provincial taxation (covering succession duties and taxation of incomes, corporations, lands, mines or minerals, amusements, etc.) amounted to \$12,575,159 in 1916, to \$42,593,417 in 1929, \$51,621,242 in 1930, \$48,383,044 in 1933, \$46,741,293 in 1934, \$82,279,924 in 1937 and \$131,755,348 in 1938. In recent years, in addition to this ordinary taxation, provincial revenues have been augmented by liquor traffic control profits as follows: 1929, \$27,599,687; 1931, \$32,128,693; 1934, \$12,814,120; 1935, \$10,818,228; 1937, \$23,457,320; 1938, \$27,962,194. Motor vehicles (including licences and permits): 1929, \$21,735,827; 1931, \$19,952,575; 1934, \$20,840,513;

1935, \$19,754,336; 1937, \$26,052,580; 1938, \$25,606,890. Gasoline tax: 1929, \$17,237,017; 1931, \$23,859,067; 1934, \$26,812,275; 1935, \$20,474,977; 1936, \$32,310,353; 1937, \$35,415,061; 1938, \$39,688,974. Revenues derived from these sources alone have far exceeded those from ordinary taxation.

The increasing use of automobiles for both commercial purposes and pleasure is clearly demonstrated by the revenue figures for motor vehicles and gasoline taxes shown above. The rate of gasoline tax has been increased repeatedly in all provinces since its inception and many of these increases were made in the period of the depression after 1930; gasoline tax revenue is therefore not a good criterion as to mileage run unless these changes in taxes are considered.

**Bonded Indebtedness of the Provinces.**—The bonded indebtedness of the provinces amounts to about 78·8 p.c. of their total direct liabilities. In recent years, the aggregate bonded indebtedness of the provinces has increased steadily. The total for the nine provinces was \$704,225,134 in 1925, \$817,940,202 in 1929, \$1,224,372,822 in 1933, \$1,329,684,651 in 1934, \$1,373,321,604 in 1935, \$1,426,293,679 in 1936, \$1,440,294,809 in 1937, \$1,533,524,253 in 1938, and \$1,602,448,018 in 1939. This bonded indebtedness for 1939 was divided by provinces as follows: P.E.I., \$7,218,000; N.S., \$101,733,513; N.B., \$103,568,573; Que., \$294,673,099; Ont., \$607,788,555; Man., \$93,399,481; Sask., \$123,800,274; Alta., \$127,998,287; B.C., \$142,268,236. The development of the principle of public ownership is largely responsible for the high bonded indebtedness in certain provinces, particularly in Ontario where the hydro-electric system and the provincially owned Temiskaming and Northern Ontario Railway largely account for the bonded indebtedness of the province. These public utilities are, of course, revenue-producing.

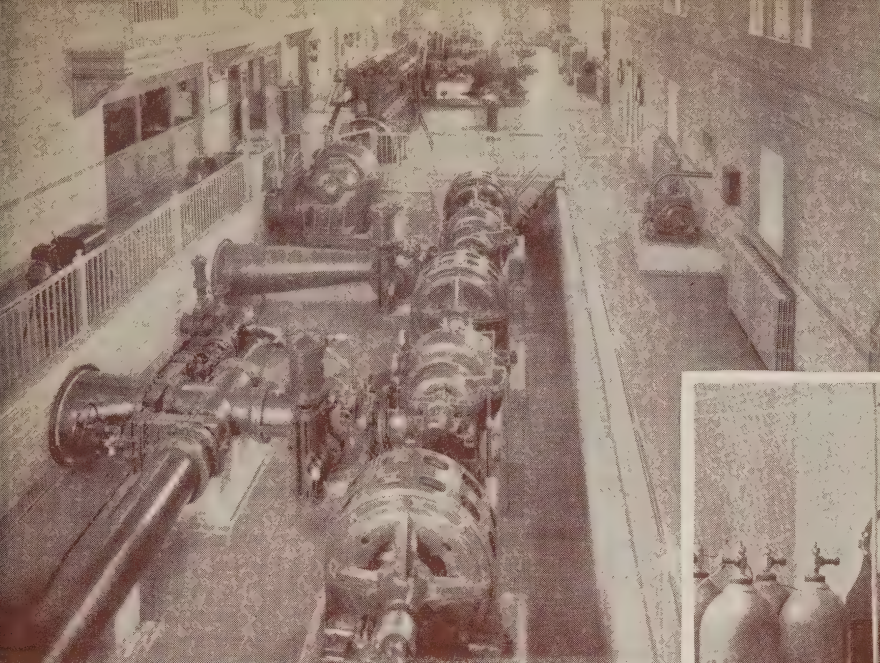
### **Municipal Finance**

There are 4,324 municipal governments in Canada including the local government districts of Saskatchewan and Alberta. These 4,324 municipal governments have together probably 20,000 members described as mayors, reeves, controllers and councillors.

The cost of municipal government, like the cost of provincial and Dominion government, has greatly increased compared with 1914 and earlier years, principally because of the services demanded from municipal bodies. Among such public services that play a large part in municipal expenditures may be mentioned education, roads and highways, sanitation, fire and police protection, and charities and social relief. The cost of these services is met almost entirely by municipal governments through local taxation. In the Province of Prince Edward Island there is no municipal system outside Charlottetown and seven small incorporated towns.

**Municipal System of Taxation and Bonded Debt.**—Throughout the Dominion, the chief basis of municipal taxation is the real estate within the limits of the municipalities; in certain provinces, however, personal property, income, and business carried on are also taxed. General taxes are normally levied at the rate of so many mills on the dollar of the assessed valuations, although the basis of assessment varies widely in different provinces and in municipalities within the same province. In some provinces Equalization Boards have placed a more equitable valuation on lands as among the various rural municipalities.





City of Ottawa Water Works Pumping Station.

*Inset:* Liquid Chlorine Installation at the Purification Plant.



*Courtesy, City Water Department, Ottawa.*

The heavy taxation upon real estate, resulting from the depression and the municipalities' share of unemployment relief, has tended to curtail new building for commercial and industrial as well as residential purposes and is responsible, in no small measure, for the slow recovery of the construction industry (p. 129) in spite of the encouragement of residential construction by the National Housing Act (p. 125).

#### Municipal Bonded Debt for 1919 and 1938 and Sinking Funds for 1938, by Provinces

Province	Total Gross Bonded Indebtedness of Municipalities		Sinking Funds Offsetting Gross Bonded Indebtedness
	1919	1938	1938
	\$	\$	\$
Prince Edward Island.....	970,100	2,924,650	471,643
Nova Scotia.....	17,863,881	35,107,542	12,965,781
New Brunswick.....	11,188,467	26,351,143	8,202,400
Quebec.....	199,705,568	513,137,878	82,392,458
Ontario.....	243,226,877	404,290,461	61,669,139
Manitoba.....	55,562,788	91,867,809	44,644,755
Saskatchewan.....	39,585,388	54,440,737	19,512,450
Alberta.....	66,870,464	52,910,982	9,630,128
British Columbia.....	94,741,615	121,170,198	30,246,921
<b>Totals.....</b>	<b>729,715,148</b>	<b>1,302,201,400</b>	<b>269,735,675</b>

## CHAPTER XV

### Currency—Banking—Insurance

The use of the dollar as a monetary unit was extended throughout the new Dominion by the Uniform Currency Act of 1871. The Canadian gold dollar weighs 25·8 grains, nine-tenths fine gold, and thus contains 23·22 grains of gold. Only very limited issues of gold coin have ever been made. British and United States gold coin are legal tender in Canada. Subsidiary silver coin is legal tender up to \$10; the 5-cent piece (now made of nickel) is legal tender up to \$5; and the 1-cent bronze coin, up to 25 cents. Since 1931, the Government has permitted the export of gold only under licences issued by the Department of Finance, thus conserving the gold resources of the nation to meet the external obligations, and Canadian mines now dispose of their gold through the Royal Canadian Mint according to definite conditions of purchase.

**Bank Notes.**—Under the Bank Act the chartered banks may issue notes of the denominations of \$5 and multiples thereof to the amount of their paid-up capital. This amount is to be reduced by 5 p.c. per annum for a period of five years from Jan. 1, 1936, and by 10 p.c. per annum for a period of five years from Jan. 1, 1941. In case of insolvency, bank notes are a first lien on assets and for over sixty years no note holder has lost a dollar.

In addition to notes of the chartered banks, there are also now in circulation notes of the Bank of Canada. These notes may be issued to any amount as long as the Bank maintains a reserve in gold equal to at least 25 p.c. of its note and deposit liabilities. Prior to the establishment of the Bank of Canada, the Government issued notes under certain statutory authorities, backed in part by gold and securities. The Dominion's liability in respect of these notes was assumed by the Bank of Canada on Mar. 11, 1935.

**Notes Outstanding, 1900-40**  
(Yearly Averages)

Year	Dominion or Bank of Canada Notes Outstanding	Chartered Bank Notes Outstanding	Year	Dominion or Bank of Canada Notes Outstanding	Chartered Bank Notes Outstanding
	\$	\$		\$	\$
1900.....	26,550,465	46,574,780	1934.....	190,261,981	135,537,793
1910.....	89,628,569	82,120,303	1935.....	127,335,340 <sup>1</sup>	125,644,102
1920.....	305,806,288	288,800,379	1936.....	105,275,223 <sup>1</sup>	119,507,306
1929.....	204,381,492	178,291,030	1937.....	141,053,457 <sup>1</sup>	110,259,134
1931.....	153,079,362	141,969,350	1938.....	161,137,059 <sup>1</sup>	99,870,493
1932.....	165,878,510	132,165,942	1939.....	184,904,919 <sup>1</sup>	94,064,907
1933.....	179,217,446	130,362,488	1940.....	262,970,220 <sup>1,2</sup>	91,892,082 <sup>2</sup>

<sup>1</sup> Since Mar. 11, 1935, the figures used represent Bank of Canada notes.  
ten months.

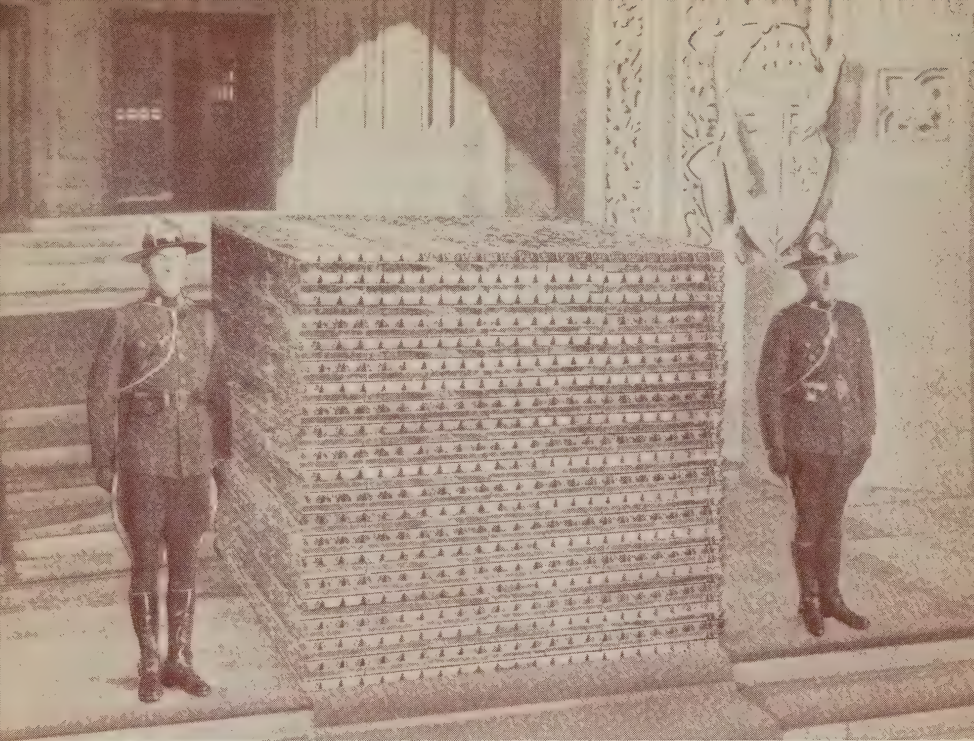
<sup>2</sup> Averages for

### Banking

Banking in Canada began to develop some of the features of a central bank system soon after Confederation. These in chronological order are:—

(1) *Central Note Issue*, permanently established with the issue of Dominion notes under legislation of 1868.





One Hundred Million Dollars in Fine Gold Bars.

*Courtesy, Royal Canadian Mint.*

(2) *The Canadian Bankers' Association*, established in 1900 to effect greater co-operation in the issue of notes, in credit control, and in various other ways.

(3) *Central Gold Reserves*, established in 1913.

(4) *Re-discount Facilities*, made a permanent feature of the system in 1923, provided the banks with a means of increasing their legal tender cash reserves at will.

(5) *The Bank of Canada*, established in 1935.

**The Bank of Canada.**—Legislation was enacted in 1934 to establish the Bank of Canada as a central or bankers' bank. All of its stock is now vested in the Dominion Government. The Bank regulates the statutory cash reserves of the chartered banks, which are required to maintain not less than 5 p.c. of their deposit liabilities payable in Canadian dollars in the form of deposits with, and notes of, the Bank of Canada. The Bank also acts as the fiscal agent of the Dominion of Canada and may, by agreement, act as banker or fiscal agent for any province. Bank of Canada notes, which are legal tender, are the main source of paper money in Canada and will become increasingly so as the chartered banks gradually reduce their note issues to 25 p.c. of their paid-up capital (see p. 160).

The Bank of Canada is empowered to buy and sell securities in the open market; to discount securities and commercial bills; to fix minimum rates at which it will discount; to buy and sell bullion and foreign exchange. Under the Foreign Exchange Acquisition Order, 1940, the Bank



transferred its reserve of gold and foreign exchange to the Foreign Exchange Control Board in which Canada's exchange reserves have now been centralized. At the same time the Bank of Canada's statutory 25 p.c. minimum gold reserve requirement against its note and deposit liabilities was temporarily suspended.

**Commercial Banking.**—The number of chartered banks, which was 36 in 1881 and 34 in 1901, decreased to 25 in 1913 and is now only 10. This lessening of the number of banks has been accompanied by a great increase in the number of branches. In 1868 there were only 123 branch banks in Canada. By 1902 the number, including sub-agencies, had grown to 747, by 1916 to 3,198 and by 1929 to 4,069, but by the beginning of 1940 the number had decreased to 3,319. From 1867 to October, 1940, the total assets have grown from \$78,000,000 to \$3,711,000,000.

### Statistics of Individual Chartered Banks as at Oct. 31, 1940

Bank	Branches in Canada and Abroad <sup>1</sup>	Total Assets	Liabilities to Shareholders	Liabilities to the Public	Total Liabilities	Loans and Discounts	Deposits by the Public
	No.	\$ '000,000	\$ '000,000	\$ '000,000	\$ '000,000	\$ '000,000	\$ '000,000
Bank of Montreal.....	486	961	75	885	960	293	824
Bank of Nova Scotia.....	297	330	36	292	328	118	270
Bank of Toronto.....	171	169	15	151	163	58	143
Banque Provinciale du Canada.....	137	56	5	51	56	19	48
Canadian Bank of Commerce.....	526	705	50	654	704	284	605
Royal Bank.....	693	955	55	897	952	355	840
Dominion Bank.....	131	158	14	144	158	81	131
Banque Canadienne Nationale.....	223	161	12	147	159	65	140
Imperial Bank of Canada.....	195	192	15	176	191	78	166
Barclay's Bank (Canada) <sup>2</sup> .....	2	24	2	22	24	3	16
<b>Totals, Oct., 1940.....</b>	—	<b>3,711</b>	<b>279</b>	<b>3,419</b>	<b>3,698</b>	<b>1,354</b>	<b>3,183</b>
<b>Totals, 1939<sup>3</sup>.....</b>	<b>2,861</b>	<b>3,592</b>	<b>279</b>	<b>3,298</b>	<b>3,578</b>	<b>1,244</b>	<b>3,061</b>
<b>Totals, 1938<sup>3</sup>.....</b>	<b>2,875</b>	<b>3,349</b>	<b>279</b>	<b>3,057</b>	<b>3,336</b>	<b>1,201</b>	<b>2,824</b>
<b>Totals, 1937<sup>3</sup>.....</b>	<b>2,890</b>	<b>3,317</b>	<b>279</b>	<b>3,026</b>	<b>3,305</b>	<b>1,201</b>	<b>2,776</b>
<b>Totals, 1936<sup>3</sup>.....</b>	<b>2,961</b>	<b>3,145</b>	<b>278</b>	<b>2,856</b>	<b>3,134</b>	<b>1,141</b>	<b>2,615</b>
<b>Totals, 1935<sup>3</sup>.....</b>	<b>2,978</b>	<b>2,957</b>	<b>278</b>	<b>2,668</b>	<b>2,946</b>	<b>1,276</b>	<b>2,427</b>
<b>Totals, 1930<sup>3</sup>.....</b>	<b>3,598</b>	<b>3,237</b>	<b>305</b>	<b>2,910</b>	<b>3,215</b>	<b>2,065</b>	<b>2,517</b>
<b>Totals, 1926<sup>3</sup>.....</b>	<b>4,876</b>	<b>3,064</b>	<b>252</b>	<b>2,784</b>	<b>3,036</b>	<b>1,935</b>	<b>2,438</b>
<b>Totals, 1910<sup>3</sup>.....</b>	<b>2,621<sup>4</sup></b>	<b>1,211</b>	<b>179</b>	<b>1,019</b>	<b>1,198</b>	<b>870</b>	<b>910</b>
<b>Totals, 1900<sup>3</sup>.....</b>	<b>641</b>	<b>460</b>	<b>98</b>	<b>356</b>	<b>454</b>	<b>279</b>	<b>305</b>

<sup>1</sup> As at Dec. 31 of previous year. Does not include sub-agencies.

<sup>2</sup> Barclay's Bank commenced operations in Canada in September, 1929.

<sup>3</sup> Averages from the respective monthly statements, except in the case of the numbers of branches in Canada and abroad which are as at Dec. 31.

<sup>4</sup> 1911.

Of late years the banks of Canada have extended their business outside of the country itself and at the beginning of 1940 had among them 138 branches (not including sub-agencies) in foreign countries, mainly in Newfoundland, the West Indies, Central and South America.

**Bank Clearings and Bank Debits.**—Through the clearing houses, inter-bank transactions have been recorded since 1889; they form a valuable indication of the trend of business. However, they do not tell the whole story, since numerous transactions between persons who carry their accounts in the same bank are not recorded in bank clearings; also, every amalgamation of banks lessens the total volume of clearings. Again, head office clearings have been effected through the Bank of Canada since Mar. 11, 1935, and this has tended to increase exchanges compared

**Weighing and  
Testing Coin at the  
Royal Canadian  
Mint.**



*Courtesy, Canadian  
Government Motion  
Picture Bureau.*

with previous years. For these reasons, a record of cheques debited to accounts at all branches at clearing-house centres is considered to possess greater reliability as a barometer of economic conditions and such a record was instituted in 1924; between that date and 1929 the grand total of bank debits for Canada increased from \$27,157,000,000 to \$46,670,000,000. From 1929 there was a steady decline to the 1932 level of \$25,844,000,000, but in the next four years the movement was generally upward, reaching \$35,929,000,000 in 1936. In 1937 and 1938 there were recessions, but a slight increase was shown for 1939.

**Bank Debits at the Clearing-House Centres, by Economic Areas,  
1935-39**

Economic Area	1935	1936	1937	1938	1939
	\$	\$	\$	\$	\$
Maritime Provinces....	574,052,860	630,402,014	733,359,446	639,682,953	679,947,972
Quebec.....	8,977,529,023	10,938,647,731	11,568,421,542	9,965,182,391	9,820,399,452
Ontario.....	13,876,626,476	15,778,679,837	15,939,149,497	13,810,063,008	13,618,490,448
Prairie Provinces.....	6,445,395,764	6,505,518,677	4,827,021,407	4,572,389,521	5,478,229,879
British Columbia.....	1,672,462,218	2,075,358,484	2,098,100,246	1,937,050,859	2,020,284,080
<b>Totals.....</b>	<b>31,516,066,311</b>	<b>35,928,696,743</b>	<b>35,166,061,138</b>	<b>30,924,362,732</b>	<b>31,617,351,831</b>

**Insurance**

**Life Insurance.**—The life insurance business was introduced into Canada by companies from the British Isles and the United States of America about the middle of the nineteenth century. By 1875 there were at least 26 companies, and possibly several more, competing for the available business in Canada, as against 38 active companies registered by the

Dominion and a few provincial companies in 1939. Of the 38 active companies registered by the Dominion, 28 were Canadian, 3 British, and 7 foreign.

As a result of the adaptation of life insurance policies to the needs of the public, and of the growing wealth of the country, the increase in the amount of life insurance in force has been remarkable. In 1869 the total life insurance in force in Canada, by Dominion companies, was only \$35,680,000 as compared with approximately \$6,777,000,000 at the end of 1939. This latter figure was equal to \$599 per head of population. In addition, there was \$177,000,000 of fraternal insurance in force by Dominion licensees and \$135,000,000 of insurance in force by provincial licensees. Thus the total life insurance in force in the Dominion at the end of 1939 was approximately \$7,089,000,000. The premium income from Canadian business of all Dominion registered companies (not including fraternal benefit societies) increased from \$90,000,000 in 1920 to \$221,000,000 in 1930, but decreased to \$198,000,000 in 1939.

**Fire Insurance.**—Fire insurance in Canada began with the establishment of agencies by British fire insurance companies. These agencies were usually situated in the seaports and operated by local merchants. The oldest existing agency of a British company is that of the Phoenix Fire Office of London, now the Phoenix Assurance Co., Ltd., which opened in Montreal in 1804.

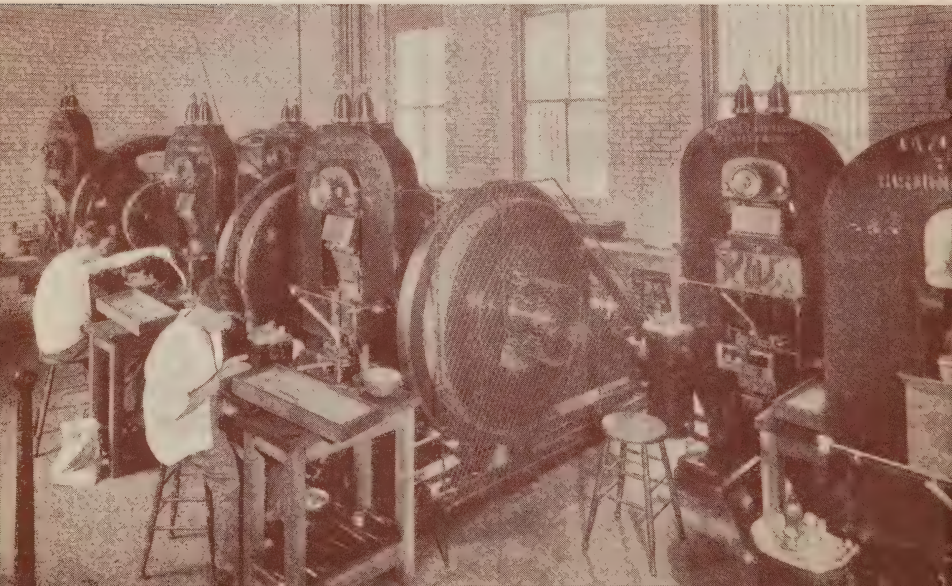
The Halifax Fire Insurance Co. is the first purely Canadian company of which any record is obtainable. Founded in 1809 as the Nova Scotia Fire Association, it was chartered in 1819 and operated in the province of Nova Scotia until 1919, when it was granted a Dominion licence.

The report of the Superintendent of Insurance for the year ended Dec. 31, 1939, shows that at that date there were 279 fire insurance companies doing business in Canada under Dominion licences, of which 56 were Canadian, 70 were British, and 153 were foreign companies, whereas in

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**Coining Presses at the Royal Canadian Mint.**

*Courtesy, Canadian Government Motion Picture Bureau.*





1875, the first year for which authentic records were collected by the Insurance Department, 27 companies operated in Canada—11 Canadian, 13 British, and 3 United States. The proportionate increase in the number of British and foreign companies from 59 to 80 p.c. of the total number is a very marked point of difference between fire and life insurance in Canada, the latter being carried on very largely by Canadian companies.

The enormous increase since 1869 (the earliest year for which statistics are available) in the fire insurance in force is due, no doubt, partly to the growth of the practice of insurance; but it is also important as an indication of the growth of the value of insurable property in the country, and thus throws light upon the expansion of the national wealth of Canada. By 1880, companies with Dominion licences had fire insurance totalling \$411,564,271; by 1900, the one-thousand-million-dollar mark had almost been reached, and by 1930, the total stood at \$9,672,997,000. At the end of 1939, besides \$10,202,388,022 of fire insurance in force in companies with Dominion licences, there was also \$1,284,998,454 in force in companies with provincial licences, or about \$11,487,386,476 in force with companies, associations, or underwriters licensed to transact business in Canada.

**Miscellaneous Insurance.**—Miscellaneous insurance now includes among other classes in Canada: accident (including personal accident, employers' and property liability, and accidental damage to personal property); sickness; falling aircraft; earthquake; automobile; aviation; burglary; explosion; forgery; fraud; credit; guarantee; hail; inland transportation; live stock; machinery; personal property; plate glass; property; sprinkler-leakage; steam boiler; title; tornado; weather insurance; etc. Whereas, in 1880, 18 companies were licensed for such insurance, in 1939 there were 241 companies, of which 52 were Canadian, 65 British and 124 foreign.

The total net premium income for 1939 was \$39,817,366 and the most important class of miscellaneous insurance, according to the amount of premiums received, was automobile insurance, which has greatly increased during the past twenty-one years; although decreases were shown for a few years prior to 1935, there has been an increase each year from 1935 to 1939. As recently as 1910, the premium income of companies doing an automobile insurance business was only \$80,466; in 1916 it was \$909,503 and in 1939, \$18,859,851. The premium income of personal accident insurance came second with \$3,228,375. Combined accident and sickness insurance was third in 1939 with \$3,091,018. The premium income of all accident and sickness insurance combined totalled \$10,839,769.

**Canadian Government Annuities.**—The Government Annuities Act authorizes the issue of Government annuities in order to encourage the people of Canada to provide, during the earning period of their lives, for old age. A Canadian Government annuity is a yearly income of from \$10 to \$1,200, either payable for life, or guaranteed for 10, 15, or 20 years, and payable for life thereafter. Annuities may be either deferred or immediate, and may be purchased individually or by associated groups operating under retirement plans.

From the inception of the Act until Mar. 31, 1940, the total number of individual contracts issued was 58,915 (including participants in 46

retirement annuity plans) and, in addition, 4 group contracts covering 1,240 employees. The net receipts for the entire period totalled \$153,300,030.

On Mar. 31, 1940, the value of all outstanding annuities was \$140,420,970, which covered 20,416 vested contracts, 33,644 individual deferred contracts, and 4 group contracts. The amount of annuity being paid out was \$8,363,114.

### **Loan and Trust Companies**

The principal function of loan companies is the lending of funds on first mortgages on real estate, the money thus made available for development purposes being secured mainly by the sale of debentures to the investing public and by savings department deposits. Of the loan companies under provincial charters, the majority operate largely in the more prosperous farming communities.

The number of loan and savings societies in operation and making returns to the Government at Confederation was 19, with an aggregate paid-up capital of \$2,110,403 and deposits of \$577,299. In 1939 there were 46 loan companies which reported, with a paid-up capital of \$37,289,840 (Dominion companies \$19,284,714 and provincial companies \$18,005,126).

The reserve funds of all real-estate-mortgage loan companies at the end of 1939 was \$24,674,320 (Dominion companies \$14,764,868 and provincial companies \$9,909,452); liabilities to the public \$130,495,165 (Dominion companies, \$100,881,760 and provincial companies, \$29,613,405); and liabilities to shareholders, \$64,182,678 (Dominion companies, \$35,262,412 and provincial companies, \$28,920,266).

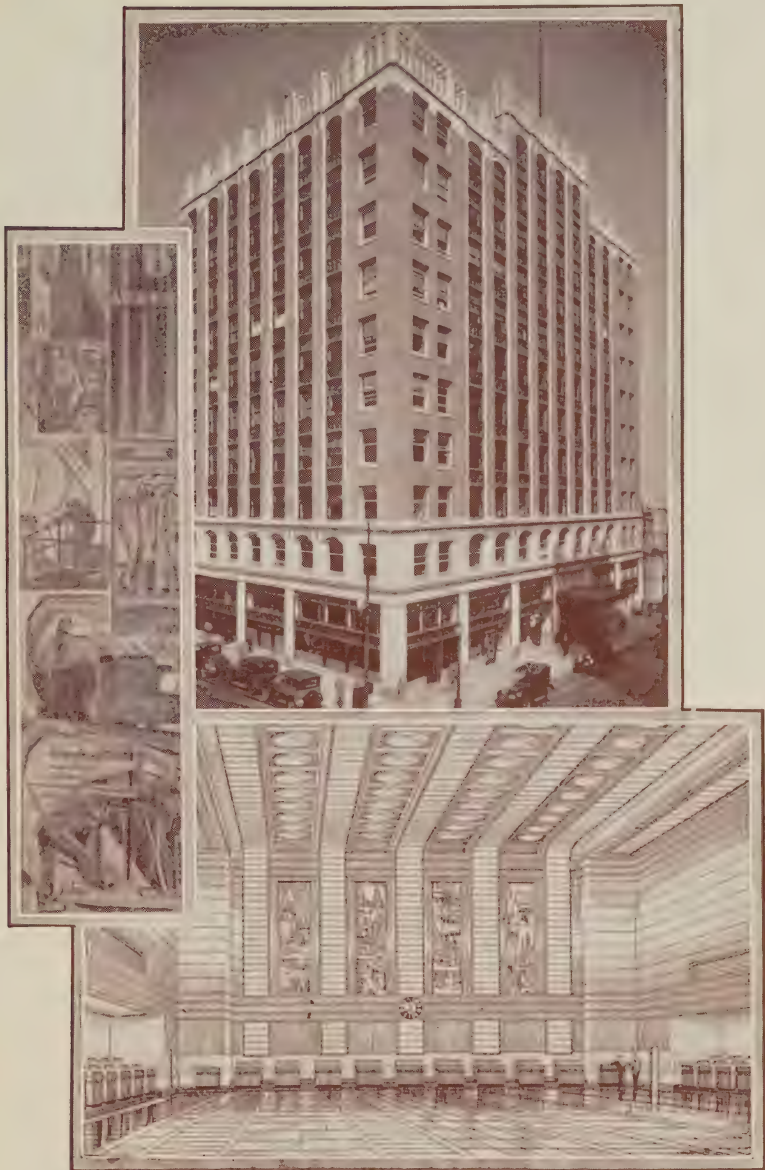
Trust companies act as executors, trustees, and administrators under wills or, by appointment, as trustees under marriage or other settlements, as agents or attorneys in the management of the estates of the living, as guardians of minors or incapable persons, as financial agents for municipalities and companies and, where so appointed, as authorized trustees in bankruptcy.

The aggregate total assets of the trust companies of Canada at the end of 1939 were \$2,896,691,560 as compared with \$805,000,000 in 1922 (the earliest year for which figures are available). The bulk of these assets (\$2,664,589,751 in 1939) was represented by estates, trusts and agency funds. The assets of Dominion companies in 1939 amounted to \$298,572,335 and of provincial companies to \$2,598,119,225.

### **Small Loans Companies**

These companies, 3 in number and incorporated in recent years by the Parliament of Canada, make small loans usually not exceeding \$500 each on the promissory notes of borrowers, additionally secured, in most cases, by endorsements or chattel mortgages. Such companies, at the end of 1939, had an aggregate paid-up capital of \$1,234,250; reserve funds, \$669,850; liabilities to the public, \$2,770,281; liabilities to shareholders, \$2,653,766.

On Jan. 1, 1940, the Small Loans Act, 1939 (c. 23, 3 George VI) passed by the Parliament of Canada, came into force under which licensed money-lenders making personal loans of \$500 or less are limited to a rate of



Stock Exchanges.—The upper picture shows the Vancouver Stock Exchange and the lower one the interior of the Toronto Stock Exchange; to the left is one of the murals of the Toronto Exchange, which symbolizes the mining industry—this mural is 20 feet high.

*Courtesy, Toronto and Vancouver Stock Exchanges.*



cost of 2 p.c. per month on outstanding balances and unlicensed lenders to a rate of 12 p.c. per annum, including interest and charges of every description. As at Oct. 1, 1940, licences had been issued to 71 money-lenders. Figures covering their operations are not yet available.

### British and Foreign Capital Invested in Canada

In the opening decades of the century, the marked expansion in Canada was based largely on capital imported from the United Kingdom, at least \$1,500,000,000 being imported during 1900-12. During the War of 1914-18 the latent capital resources of Canada itself were for the first time exploited on a large scale, nearly \$2,000,000,000 being raised by the Dominion Government.

The rapid growth in United States investments in Canada took place after 1914. Between 1926 and 1930 these investments increased from \$3,161,200,000 to \$4,298,400,000. This influx of capital followed two contrasting channels. A large part of the capital was raised through the sale of new issues in New York but the capital coming to Canada through the channel of direct investment has been increasingly heavy. Since 1930 there has been a reduction in the value of United States investments in Canada, as a result of the redemption of Canadian securities owned in the United States, changes in the values of equity investments in Canada, and other factors.

Because of the great variety of forms these investments take and the difficulties inherent in arriving at satisfactory valuations, along with the continual changes in ownership in some cases, these estimates should be considered as approximations rather than exact representations.

### Capital Invested in Canada by Other Countries

Country	1914 <sup>1</sup>	1919 <sup>2</sup>	1926 <sup>2</sup>	1930 <sup>2</sup>	1936 <sup>2</sup>	1937 <sup>2</sup>
	\$'000,000	\$'000,000	\$'000,000	\$'000,000	\$'000,000	\$'000,000
United Kingdom.....	2,712	2,607	2,598	2,766	2,719	2,685
United States.....	904	1,800	3,161	4,298	3,974	3,932
Other countries.....	178	173	132	132	130	148
<b>Totals.....</b>	<b>3,794</b>	<b>4,580</b>	<b>5,891</b>	<b>7,196</b>	<b>6,823</b>	<b>6,765</b>

<sup>1</sup> Estimated by various authorities.

<sup>2</sup> Estimated by the Dominion Bureau of Statistics.

In spite of this large external indebtedness, Canadian capital controls a large proportion of business capital of enterprises operating in Canada.

In considering these statistics of outside capital invested in Canada, it should also be borne in mind that Canada has large investments in other countries. The Bureau estimates that Canadian investments in other countries amounted to \$1,694,000,000 at the end of 1937. Of this \$1,017,000,000 was invested in the United States, \$53,000,000 in the United Kingdom, and \$624,000,000 in countries other than these, not including assets of Canadian insurance companies held abroad. There are also liabilities abroad that must be considered in connection with these assets, but the totals are not materially affected.

## Miscellaneous

**Canadian Bond Financing.**—The declining trend in sales of railway and corporation bond issues, so clearly in evidence for 1933, was reversed in 1934, and showed substantial improvement in 1935 and 1936. Recession set in again in 1937 and 1938, but 1939 showed a very large increase of \$167,266,100, or 221·7 p.c., over 1938.

In the year 1939, sales under this head were valued at \$242,708,600. Corporation bond financing accounted for \$236,208,600 of this, so that only \$6,500,000 remained for railway issues.

Canadian investors purchased over 90 p.c. of the total offerings, the remainder being sold on the New York and London markets.

## Sales of Canadian Bonds, 1929 and 1933-39

Year	Class of Bonds		Distribution of Sales			Total
	Government and Municipal	Railway and Corporation	Sold in Canada	Sold in the United States	Sold in the United Kingdom	
	\$	\$	\$	\$	\$	\$
1929.....	218,628,309	442,530,600	378,395,909	263,654,000	19,109,000	661,158,909
1933.....	564,171,513	5,385,000	434,556,513	60,000,000	75,000,000	569,556,513
1934.....	564,558,132	73,402,696	529,630,828	50,000,000	58,330,000	637,960,828
1935.....	907,500,200	109,005,700	853,940,900	162,065,000	500,000	1,016,505,900
1936.....	946,091,087	352,983,224	1,211,824,311	86,000,000	1,250,000	1,299,074,311
1937.....	1,145,499,475	119,946,800	1,177,196,275	88,250,000	Nil	1,265,446,275
1938.....	1,057,438,011	75,442,500	1,044,038,844	40,175,000	48,666,667	1,132,880,511
1939 <sup>1</sup> .....	1,205,542,589	242,708,600	1,316,651,189	127,500,000	100,000	1,448,251,189 <sup>2</sup>

<sup>1</sup> Preliminary figures.

<sup>2</sup> Includes \$4,000,000 distributed elsewhere.

**Interest Rates.**—There does not exist in Canada as yet a market for money in the same sense as in great financial centres such as London and New York. However, since the War of 1914-18, the importance of Dominion financing in the domestic market has made it possible to compile a Dominion index of bond yields that is representative of interest rates in Canada. Fluctuations in the Dominion of Canada long-term bond yields for the past ten years are shown below.

## Indexes of Dominion of Canada Long-Term Bond Yields, 1931-40

(1926=100)

NOTE.—Figures for years subsequent to 1932 have been revised since the publication of *Canada 1940*.

Month	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940 ]
January.....	93·9	112·4	97·9	94·9	73·6	76·6	67·8	71·5	67·4	74·4
February.....	93·6	111·5	97·5	93·6	76·2	74·6	71·3	71·0	67·5	73·4
March.....	91·9	109·0	99·0	88·6	74·9	73·6	75·6	70·4	66·3	73·4
April.....	90·0	109·1	97·8	85·5	75·2	73·3	76·5	69·3	67·5	72·4
May.....	89·3	109·1	96·7	84·0	74·0	72·6	75·3	68·2	68·4	71·8
June.....	88·3	112·3	94·9	83·8	76·1	70·5	73·8	68·6	67·0	73·0
July.....	88·3	108·7	94·9	82·4	75·7	68·7	73·3	68·9	66·8	72·8
August.....	88·3	101·0	94·0	80·3	75·1	66·6	72·6	69·2	68·1	72·0
September.....	95·5	100·1	94·1	79·8	81·2	66·0	72·5	70·6	78·3	71·3
October.....	105·2	97·3	94·9	81·6	81·9	69·1	74·0	70·0	76·5	71·0
November.....	107·7	98·2	95·2	80·1	78·0	68·1	73·7	68·1	74·0	70·5
December.....	111·7	100·6	96·0	74·6	78·5	67·2	72·0	67·7	75·1	—

## CHAPTER XVI

### Labour—Employment—Old Age Pensions

#### Labour Legislation in Canada

**The Dominion and Provincial Fields.**—Most labour laws in Canada relate to the contract of employment, which affects civil rights, or to local works and undertakings; and civil rights and local works and undertakings are subjects within the jurisdiction of the provincial Legislatures, under the British North America Act.\* All provinces except Prince Edward Island have statutes dealing with wages, hours of work, employment of women and children, and workmen's compensation, as well as laws for the regulation of mines, factories, shops, and other workplaces. Other laws affecting civil rights that have been enacted in some provinces protect the right of association; require trade unions to register, and employers to bargain with the chosen representatives of their employees or with trade union officers; and prohibit the stopping of work until the dispute has been investigated.

The Dominion regulates working conditions of its own employees and provides compensation for accidents and disease incurred in the course of their employment; requires the observance of specified wage and hour conditions in the execution of Dominion public works and of contracts for supplies; and enacts laws relating to employment on railways and at sea. Under the power to enact criminal law, Dominion legislation has been framed freeing trade unions from liability to prosecution as conspiracies, permitting peaceful picketing, and prohibiting employment on Sunday except under certain conditions.

A Dominion statute, the Industrial Disputes Investigation Act, prohibits a strike or lockout (pending investigation of the dispute by a tripartite board) in the case of mines, agencies of transportation and communication, and certain public service utilities, if they come within Dominion jurisdiction, as well as any such works that may fall within provincial jurisdiction if the provincial Legislature has declared the statute to apply. In all provinces, except British Columbia and Prince Edward Island, there is legislation to this effect. Co-operation between the Dominion and the provinces has enabled provincial systems of employment offices to be linked together for the interprovincial clearance of labour and publication of information, but, under a recent amendment to the B.N.A. Act giving the Dominion power over unemployment insurance, a Dominion system of employment offices is now being set up as part of the insurance scheme. (See p. 179.)

The Dominion Department of Labour was established in 1900 under the Conciliation Act to aid in improving labour conditions and settling disputes through mediation and the dissemination of information. The Department was charged, too, with the administration of the fair-wages policy for Government contracts. Other statutes now under the Minister of Labour are the Industrial Disputes Investigation Act, Government

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\*Lines of railways, steamships, telephones and telegraphs, and other works extending beyond the limits of one province and also such as may be declared by the Dominion Parliament to be for the general advantage of Canada are, however, excepted from local works under provincial control.



Annuities Act, Combines Investigation Act, legislation providing for youth training and unemployment relief and the Unemployment Insurance Act, 1940. Information on the operation of these statutes is published in the Annual Report of the Department and in the *Labour Gazette*, issued monthly.

Departments of Labour in all provinces except Alberta, Saskatchewan, and Prince Edward Island administer most provincial labour laws but in the four western provinces the Workmen's Compensation Boards are independent and in New Brunswick the Board, which is under the Provincial Secretary, enforces the Factory Act. In Alberta the Department of Trade and Industry, through the Board of Industrial Relations, deals with wages and hours legislation and the Department of Public Works with factory inspection. The Saskatchewan Bureau of Labour and Public Welfare is in charge of the Minister of Municipal Affairs. In all provinces laws for the protection of miners are administered by the respective Departments of Mines.

### Gainfully Occupied and Wage-Earners

**Gainfully Occupied.**—Statistics of the gainfully occupied by sex and age are obtained at each decennial census, but for intercensal years, estimates are made by applying the percentage of gainfully occupied in the population, as in 1931, to the intercensal estimates of population. Experience has shown that this percentage does not vary much from census to census (especially in the total of gainfully employed, although the numbers at various ages, particularly in the lower age groups, need some adjustment).

#### Estimated Numbers and Percentages of the Population Normally Gainfully Occupied in Each Age Group, 1940

Age Group	Male		Female	
	No.	P.C.	No.	P.C.
	'000		'000	
10-13.....	5	1.17	1	0.24
14.....	12	10.81	2	1.85
15.....	30	26.55	7	6.36
16-17.....	124	55.11	46	20.72
18-19.....	183	80.26	91	40.44
20-24.....	479	92.65	215	42.41
25-34.....	921	97.67	199	21.77
35-44.....	726	97.84	88	12.94
45-54.....	643	96.54	68	11.62
55-64.....	454	90.80	45	10.77
65-69.....	118	75.64	12	8.82
70 or over.....	95	42.22	10	4.63
<b>Totals, 10 Years or Over<sup>1</sup>.....</b>	<b>3,790</b>	<b>78.08</b>	<b>784</b>	<b>17.26</b>

<sup>1</sup> Persons of unstated age are omitted.

**Wage-Earners.**—The number of wage-earners is less than the total gainfully occupied because the latter includes large numbers working on their own account such as farmers, doctors, etc., who are not wage-earners. Again, the number of wage-earners employed at any time depends on industrial activity. Correlation has been made of wage-earners actually employed in June, 1931 (as collected by the Employment Statistics Branch of the Dominion Bureau of Statistics), with the distribution of total wage-

earners enumerated in the Census as at work on June 1, 1931. This shows that the employment statistics collected monthly by the Bureau of Statistics from employers having 15 or more persons on their staffs are broadly representative and can, therefore, be used to estimate reliably the total number of wage-earners employed during intercensal years. On this basis, the estimate of wage-earners employed in the twelve-month period September, 1939, to August, 1940, averaged 2,477,000, which represents 88.7 p.c. of the total wage-earners. Men who joined the armed forces, in some cases employed and in others unemployed before enlistment, are considered as being in their former status, for the purpose of this estimate.

### Estimated Numbers of Wage-Earners Actually Employed

Month and Year	Wage-Earners Employed	P.C. Employed <sup>1</sup>	Month and Year	Wage-Earners Employed	P.C. Employed <sup>1</sup>
	'000			'000	
Sept. 1938.....	2,402	87.4	Sept. 1939.....	2,506	89.3
Oct. 1938.....	2,359	86.2	Oct. 1939.....	2,545	90.0
Nov. 1938.....	2,346	85.5	Nov. 1939.....	2,525	89.5
Dec. 1938.....	2,225	82.5	Dec. 1939.....	2,393	86.8
Jan. 1939.....	2,193	81.9	Jan. 1940.....	2,355	86.2
Feb. 1939.....	2,193	81.7	Feb. 1940.....	2,338	85.8
Mar. 1939.....	2,161	81.4	Mar. 1940.....	2,304	85.5
Apr. 1939.....	2,186	82.2	Apr. 1940.....	2,353	86.5
May 1939.....	2,329	85.5	May 1940.....	2,489	89.1
June 1939.....	2,385	86.6	June 1940.....	2,568	90.3
July 1939.....	2,419	87.3	July 1940.....	2,634	91.7
Aug. 1939.....	2,461	88.1	Aug. 1940.....	2,709	93.1
<b>Averages.....</b>	<b>2,305</b>	<b>84.7</b>	<b>Averages.....</b>	<b>2,477</b>	<b>88.7</b>

<sup>1</sup> Estimated on the basis of the number of normally gainfully occupied, the proportions employed among labour unions, and the bearing of these factors on general employment among wage-earners in the past.

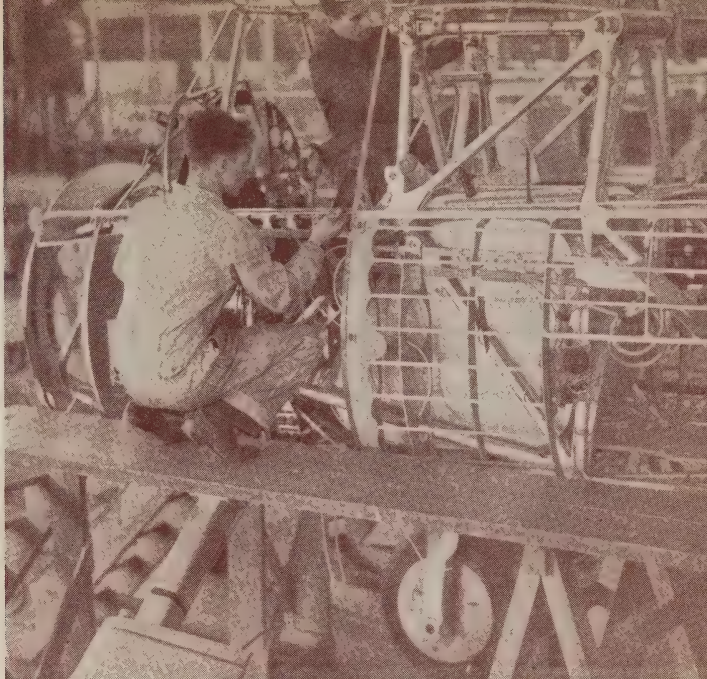
### Wages and Hours of Labour

In building and construction, wages for the skilled trades in cities are chiefly from 60 cents to \$1 per hour and from 30 to 40 cents for labourers, with some receiving up to 50 cents, especially in the western provinces. For skilled metal trades, rates are from 50 cents to 90 cents per hour; for printing trades, \$25 to \$45 per week; for street-car operators, 50 to 65 cents per hour; for steam-railway shop mechanics, 72 to 79 cents per hour; for sectionmen, 38 to 43 cents per hour; for truck drivers, \$20 to \$27 per week; for coal miners, \$6 to \$8 per day, with labourers at \$3 to \$5 per day; and for metal miners, \$4.80 to \$6. In manufacturing, semi-skilled workers, male, receive generally 35 to 40 cents per hour, and female workers, 20 to 30 cents. The more highly skilled trades, such as cutters in clothing factories, are paid \$35 to \$45 and upward per week, while paper-makers receive \$1 to \$1.75 per hour.

Hours of labour in factories are 48 per week or less for nearly 50 p.c. of the employees, with approximately 33 p.c. at 50 to 55 hours per week. The 8-hour day prevails for building trades in cities, in steam-railway employment, and in mining.

During 1940 there was a tendency to extend hours of work, especially in connection with the construction of defence projects and the manufacture of war supplies. To some extent, wage adjustments have taken the form of bonuses based on changes in the cost of living.

Electricians Wiring a Canadian Lysander Bomber before the Outside Metal Plates are Attached.—Labour costs bear a high ratio to total costs in aircraft production.



*Courtesy, Department of Munitions and Supply.*

### **Organized Labour in Canada**

At the end of 1939 there were 3,296 local unions in Canada, having 358,967 members, as compared with 3,318 local unions and a total membership of 385,039 in 1938, when the highest level was reached.

In 1939 international organizations had 2,091 local branches in the Dominion, with a combined membership of 216,661. Organizations operating only in Canada had 1,205 locals, with a membership of 142,306.

Following the outbreak of war in September, 1939, the principal labour organizations expressed their desire to co-operate with the Government in order to ensure that the industrial capacity of Canada requisite to the successful prosecution of the War be utilized to the fullest possible extent; similar expressions were received from representative employers' organizations. In June, 1940, the Government passed an Order in Council setting forth principles for the maintenance of industrial harmony during the War, among these being the principle that labour should be free to organize and bargain collectively. At the same time there was established a National Labour Supply Council, to advise the Minister of Labour on matters regarding the availability of essential labour. It is composed of an impartial chairman, five representatives of industry and five representatives of labour, the latter having been chosen after consultation with the most representative labour organizations.

### **Industrial Disputes**

During the first eleven months (January to November) of 1940 there were in Canada 153 strikes and lockouts, which involved 57,783 workers and caused a time loss of 276,537 man-working days. During the twelve months of 1939 there were 122 disputes, involving 41,038 workers and causing a time loss of 224,588 man-working days, while in 1938 there were



147 disputes, involving 20,395 workers and causing a time loss of 148,678 man-working days. The minimum time loss since the inception of the record in 1901 was in 1930, when 91,797 man-working days were lost in 67 disputes, involving 13,768 workers. The maximum loss occurred in 1919, when 336 disputes involved 148,915 workers and caused a time loss of 3,400,942 man-working days.

In November, 1939, the scope of the Industrial Disputes Investigation Act was extended to cover disputes between employers and employees engaged in war work. This was defined as including the construction, execution, production, repairing, manufacture, transportation, storage, or delivery of munitions of war or supplies, and also the construction, remodelling, repair, or demolition of defence projects. From the enactment of the statute in 1907 to Mar. 31, 1940, a total of 594 threatened strikes or lockouts had been referred to Boards of Conciliation and Investigation that have been established under provisions set forth in this statute. Cessation of work was averted or ended in all but 41 cases.

### Employment and Unemployment

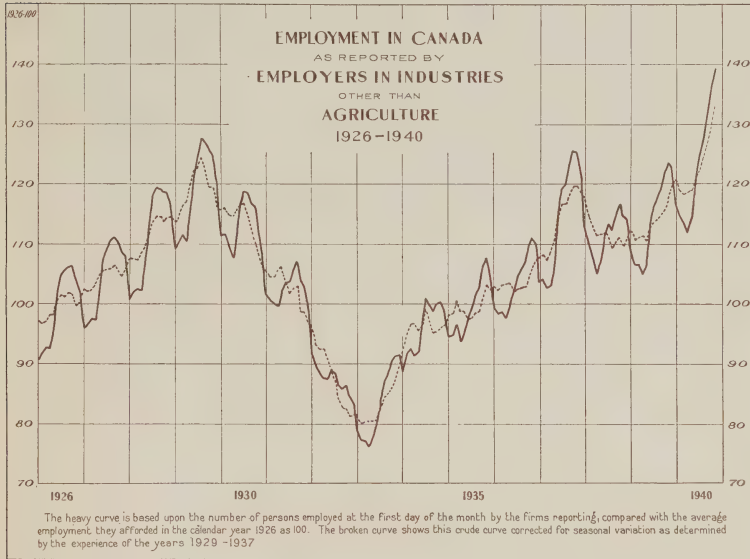
**The Employment Service of Canada.**—In the first eight months of 1940 there were 563,861 applications for work and 301,996 vacancies registered at the 81 offices of the Employment Service of Canada, while placements effected numbered 278,590. In the same period of 1939, 515,447 applications for work, 268,497 vacancies, and 256,516 placements were reported.

Placements during the first eight months of 1940 were thus nearly 8.6 p.c. higher than during the corresponding period of 1939, the increase reflecting the influence of war work. Placements were nearly 167 p.c. higher in manufacturing and 215 p.c. higher in the building division of construction and maintenance. There were also large percentage gains in transportation and trade. The only decline of importance was in the highway division of construction and maintenance; this was quite substantial owing to the curtailment of road construction which had been undertaken largely in relief of unemployment in previous years. Farming also showed fewer placements.

**Employment, 1939 and 1940.**—A valuable index to the business situation is found in the record of employment as reported monthly to the Dominion Bureau of Statistics by leading employers. Since 1920, the record has extended to manufacturing, logging, mining, transportation, communications, construction and maintenance, services, and trade, while, in more recent months, data have also been collected from financial institutions. In the first eleven months of 1940, returns were furnished for about 12,100 establishments in the first-named group of industrial divisions, which employed average staffs of 1,201,900 persons. In the period, Jan. 1 to Nov. 1, 1939, the employees of the 11,624 firms reporting in the more general industrial classifications averaged 1,097,298.

During 1940, employment each month was more active than at the same date in the preceding year. Based on the 1926 average as 100, the index averaged 122.8 in the first eleven months of 1940, as compared with 113.0 in the same period of 1939. The 1940 average for these months was higher than in any other year of the record.

*Employment by Economic Areas.*—In most of the provinces, employment averaged considerably higher in the first eleven months of 1940 than in 1939, and in several cases, industrial activity was also greater, on the whole, than in any other year of the record; in Quebec and Ontario, particularly, an unusually high level was reached.



*Employment by Cities.*—During the period, Jan. 1 to Nov. 1, 1940, the situation reported in Montreal, Toronto, Ottawa, Hamilton, Windsor, Winnipeg, and Vancouver was more favourable than in 1939, or immediately preceding years; in Quebec City, employment was not so active in the earlier months, but improvement was shown as the year advanced.

### Index Numbers of Employment as Reported by Employers, by Economic Areas

NOTE.—These indexes are calculated upon the average for the calendar year 1926 as 100. Indexes are given for 1929, the year of maximum activity in the period preceding the present war, for 1933 when employment generally was at the minimum, and annually from 1936.

Year	Maritime Provinces	Quebec	Ontario	Prairie Provinces	British Columbia	Canada
1929—Averages.....	114.8	113.4	123.1	126.3	111.5	119.0
1933—Averages.....	85.3	82.0	84.2	86.2	78.0	83.4
1936—Averages.....	109.4	100.7	106.7	99.3	101.1	103.7
1937—Averages.....	121.0	115.4	118.3	99.3	106.8	114.1
1938—Averages.....	111.5	117.0	113.7	100.0	104.2	111.8
1939—Averages.....	110.5	120.8	114.3	103.2	107.5	113.9
Averages, 11 mos.—						
1939.....	109.4	120.0	113.4	102.6	107.3	113.0
1940.....	121.2	125.9	128.0	108.1	112.4	122.8

*Employment by Industries.*—From the beginning of 1940, employment in manufacturing showed rapid expansion and, after the first quarter, was generally in greater volume than in any other period on record. At the peak at Nov. 1, the index was 144.6, a figure 18.4 p.c. higher than at the same date in 1939. Employment in practically all divisions of manufacturing was more active than in the preceding year, while many lines attained the highest level reached since the surveys were instituted in 1921. In many cases, notably the metal, chemical, and men's clothing industries, the expansion was a direct result of war-time demands.

Among the non-manufacturing industries, logging, mining, transportation, services, and trade afforded more employment than in the first eleven months of 1939, or immediately preceding years. While building and railway construction and maintenance were active, there was curtailment in work on the highways, with the result that the index in the construction group as a whole averaged rather lower in 1940 than in 1939.

### Index Numbers of Employment as Reported by Employers, by Industries

See heading to table at p. 175.

Year	Manufacturing	Logging	Mining	Communications	Transportation	Construction and Maintenance	Service	Trade	All Industries
1929—Averages...	117.1	125.8	120.1	120.6	109.7	129.7	130.3	126.2	119.0
1933—Averages...	80.9	66.5	97.5	83.9	79.0	74.6	106.7	112.1	83.4
1936—Averages...	103.4	138.7	136.5	81.0	84.1	88.2	124.5	127.4	103.7
1937—Averages...	114.4	189.3	153.2	85.4	85.2	99.5	130.2	132.1	114.1
1938—Averages...	111.0	142.8	155.9	85.0	84.4	105.4	135.2	132.6	111.8
1939—Averages...	112.3	119.1	163.8	84.4	85.6	113.0	137.4	136.6	113.9
Averages, 11 mos.—1939.....	111.4	106.0	163.1	84.3	85.2	114.7	137.9	135.8	113.0
1940.....	130.1	154.5	168.0	87.0	89.4	89.3	142.7	141.9	122.8

*Unemployment in Trade Unions.*—Monthly statistics are tabulated in the Department of Labour from reports furnished by trade unions showing the unemployment existing among their members. In the first eight months of 1940, 1,984 organizations reported an average membership of 255,532, of whom 22,488 were, on an average, unemployed: this was a percentage of unemployment of 8.8, compared with 13.4, 13.0 and 11.0 for the first eight months of 1939, 1938 and 1937, respectively. Except for a fractional increase in February, when the percentage stood at 11.7, compared with 11.3 in January, the percentage of unemployment decreased in each month of 1940 and on Aug. 31 had reached 5.2, the lowest point in any year since September, 1929, when the percentage was 3.7.

### Unemployment Assistance Measures

*National Relief Registration.*—The registration of persons on direct relief, instituted by the National Employment Commission, is now carried on by the National Registration Branch of the Department of Labour. An initial registration of all persons receiving direct relief (material aid) from the provinces and municipalities, where the Dominion contributes



financially to such relief, was made in September, 1936, and monthly returns have since been received from municipalities distributing relief. Re-registrations were carried out in September of 1937, 1938, 1939 and 1940.

In addition to providing data in respect to numbers receiving direct relief, separated as to urban and agricultural, the national registration has provided statistical data concerning the degree of employability of adults, domestic status, age, industry, occupation and time of last employment, length of time on relief, etc.

The national relief registration showed a Dominion total on direct relief for August, 1940, of 372,000\* persons (individuals on their own, heads of families, and wives and other dependants of heads of families), of whom 323,000 were on urban relief and 49,000 were on agricultural relief; this total of 372,000 in August, 1940, is in comparison with 802,652 in August, 1939; 757,635 in August, 1938; and 744,234 in August, 1937. These figures do not include persons engaged at wages on works to relieve unemployment.

In August, 1940, the total number of persons on urban relief showed a decrease of 40.7 p.c. from the comparable figure for August, 1939. The number of persons on agricultural relief in the same period was reduced by 81.0 p.c. Fully employable persons on relief, 16 years of age or over (but excluding members of farm families), were reduced from 142,298 to 79,500 between August, 1939, and August, 1940, or by 44.1 p.c.

**Youth Training.**—Under the authority of the Youth Training Act, 1939, the Youth Training Program was continued during 1939-40 in co-operation with the provinces. Following the outbreak of war, the amounts allotted to some of the projects were considerably reduced or entirely eliminated, but training was still given in mining and prospecting, forestry, farm apprenticeships, agriculture, rural homecrafts and handicrafts, and Home Service Training Schools for women.

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\*Excluding figures for New Brunswick, which has substituted a works program for direct relief assistance; also all figures for August, 1940, are subject to further revision.

Practical Instruction  
in Forest Surveying  
under the National  
Forestry Program.



*Courtesy, Dominion  
Forest Service.*

Greater stress was laid on industrial training, particularly for industries engaged on war work, and, in addition to the regular industrial classes of the Program, special classes were held. The vocational shops of 65 technical schools throughout the country were used for this purpose. From the end of June to the end of September, training was given to over 7,500 persons, chiefly in the following trades: machine shop, bench fitting, motor mechanics, sheet metal, welding, and wood working. The training in the three last occupations was designed particularly for aircraft manufacturing industries. During the year the Program included classes to train ground mechanics for the R.C.A.F. as aero-engine fitters, air-frame mechanics, and wireless operators.

Eleven schools carried on in six provinces with an average enrolment of about 1,200. In the autumn of 1940 this enrolment was increased by over 50 p.c. Arrangements were made to continue during the fall and winter months the specific project begun during the summer to train production workers for war industries. The length of the course of training is approximately four months.

**Direct Relief.**—At the first session of the 19th Parliament the Unemployment and Agricultural Assistance Act, 1940, was passed, the terms of which are similar to those of its predecessor, the Unemployment and Agricultural Assistance Act, 1939. Administration of the Act is vested in the Minister of Labour. Under its provisions the Dominion continues to assist the provinces in discharging their responsibilities in connection with the granting of direct relief (material aid) to necessitous persons on a dollar-for-dollar basis with the provinces; the maximum to be 40 p.c. Generally speaking, this means a division of the costs between the three participating governments of 40 p.c. by the Dominion, 40 p.c. by the province, and 20 p.c. by the municipality. The Dominion has also agreed to pay 50 p.c. of the expenditures incurred for direct relief supplied to individuals in necessitous circumstances, but who have not established residence in the province wherein they find themselves destitute.

An Order in Council passed pursuant to the War Measures Act provides that expenditures incurred for food, fuel, clothing, shelter, and health services, supplied to any residents in Canada who are necessitous dependants of persons interned or detained in Canada under the Defence of Canada Regulations, be paid by the Dominion and charged to the War Measures Appropriation. This is to be supplied on a scale not exceeding that given by governmental or municipal agencies to necessitous persons in the locality in which the dependants reside. Arrangements have been made for municipal authorities (or the province, where no municipal government exists) to grant assistance to these persons through their usual agencies when approved by the Dominion.

**Rehabilitation of Unemployed Higher-Age Individuals.**—Provision has been made by the Dominion for the continuation of assistance to the provinces during 1940-41 in the carrying on of projects designed to restore the skill, physique, and morale of those middle-aged workers who, because of the depression and continued unemployment, find themselves unable to compete in the labour market. Nova Scotia, New Brunswick, Ontario, Manitoba, Saskatchewan, Alberta, and British Columbia have

expressed their desire to enter into agreements with the Dominion in respect to rehabilitation of these unemployed higher-age individuals. The cost is to be shared on a 50-50 basis between the Dominion and each of the provinces concerned. It is proposed to carry out such projects as hard-rock mine training, agricultural training, training in skilled trades and industrial occupations, and a farm chore plan.

**Relief Settlement.**—Under the provisions of the Unemployment and Agricultural Assistance Act, 1940, agreements respecting relief settlement have been entered into with the Provinces of Quebec, Manitoba, and Alberta. These agreements provide for the settlement on the land of selected families who would otherwise be in receipt of direct relief. The Relief Settlement Scheme was originated in 1932, when all of the provinces, except Prince Edward Island and New Brunswick, placed families on the land. From 1932 to Aug. 31, 1940, 9,468 settlers with a total of 41,571 dependants have been approved for settlement under the relief settlement agreements.

**Re-establishment of Settlers.**—Under the provisions of the Unemployment and Agricultural Assistance Act, 1940, agreements are in effect with the Provinces of New Brunswick, Saskatchewan, Alberta, and British Columbia in respect to the re-establishment of settlers. This is a continuation of the policy of the past three years. The program is designed to assist settlers in pioneer areas to become self-sustaining, and expenditures under the agreements are chiefly made for the breaking and clearing of land and the purchase of building materials, farm implements, and live stock. Under the agreements the Dominion contributes 50 p.c. of the expenditures of the provinces.

### Unemployment Insurance

In order to facilitate the enactment of unemployment insurance in Canada, the British North America Act was amended, on July 10, 1940, the consent of the provinces having been obtained. The Dominion Government introduced a bill into the House of Commons on July 16 with the stated purpose of establishing an Unemployment Insurance Commission to administer unemployment insurance, to set up a National Employment Service, and for other related purposes. It was given the short title of the Unemployment Insurance Act, 1940, and received the Royal Assent on Aug. 7.

The Act provides for the compulsory insurance of employed persons, with the exception of workers engaged in agriculture, forestry, fishing, logging and lumbering, transportation by air or water, stevedoring, private domestic service, and workers earning more than \$2,000 in a year. Employed persons under 16 years of age and persons earning less than 90 cents for the full day cannot draw insurance benefit, but may accumulate insurance benefit rights at no cost to themselves.

An Unemployment Insurance Fund will be created under the Act from the contributions made by employed persons and their employers. To these contributions the Government will add a grant of one-fifth of their aggregate, and also defray the cost of administration of the Act by annual votes of Parliament. An Investment Committee, with the Bank of Canada as fiscal agent, is to arrange for the investment of the Fund in government securities.



Insurance benefits are received as of right on fulfilment of four statutory conditions: (1) the payment of not less than 30 weekly, or 180 daily, contributions within two years, while in insured employment; (2) proper presentation of the claim, and proof of unemployment; (3) evidence that the claimant is capable of, and available for work, but unable to obtain suitable employment; and (4) evidence that the claimant has not refused, when required, to attend a course of instruction or training.

Disqualifications for benefit include: loss of work due to misconduct, incapacity, or a labour dispute in which the claimant is directly involved; and unwillingness to accept suitable employment.

Contributions are graded according to earnings, and the amount of weekly benefits is a multiple of the contributions made by the employed person.

### Contribution Rates and Benefits of Unemployment Insurance

Class of Employed Persons	Weekly Rate of Contribution		Weekly Rate of Benefit	
	Employer	Employed Person	Single Person <sup>1</sup>	Person Having Dependant or Dependents <sup>2</sup>
	cents	cents	\$	\$
Earning less than 90c. per day or under 16 years of age.....	18	9 <sup>3</sup>	(see text at p. 179)	(see text at p. 179)
Earning \$5.40 but less than \$7.50 per week....	21	12	4.08	4.80
Earning \$7.50 but less than \$9.60 per week....	25	15	5.10	6.00
Earning \$9.60 but less than \$12 per week.....	25	18	6.12	7.20
Earning \$12 but less than \$15 per week.....	25	21	7.14	8.40
Earning \$15 but less than \$20 per week.....	27	24	8.16	9.60
Earning \$20 but less than \$26 per week.....	27	30	10.20	12.00
Earning \$26 but less than \$38.50 per week, or \$2,000 a year.....	27	36	12.24	14.40

<sup>1</sup> Thirty-four times person's contribution.

<sup>2</sup> Forty times person's contribution.

<sup>3</sup> Paid on his behalf by the employer.

In respect of each class, the daily rate of contribution or insurance benefit is one-sixth of the weekly rate.

No benefits are payable for the first nine days of unemployment in any benefit year.

Thereafter, the number of the weekly benefit payments is related directly to the employment history of the insured individual. This number, in any benefit year, is equal to the difference between one-fifth of the number of weekly contributions made in the previous five years, less one-third of the number of weekly benefit payments received in the previous three years. If, for example, an employed person contributed for forty weeks during the first year of coverage under the Act, eight weeks of benefit would have accrued.

Claims for benefit are made through insurance officers, but appeals from their decision are possible through courts of referees, and finally to an umpire appointed from among the judges of the Exchequer Court or the Superior Courts of the provinces.

## OLD AGE PENSIONS

An Advisory Committee, representative of the contributing parties, will advise and assist the Commission, report on the condition of the Insurance Fund, and make recommendations regarding adjustments to or extensions of the Act.

A National Employment Service with regional and local offices will be organized by the Commission, making possible the offer of work to unemployed persons and the clearing of vacancies and applications for employment to all parts of the country. Loans may be granted to workers travelling to places where work has been found.

National, regional, and local committees, representative of workers and employers, are to be set up to advise and assist the Commission in carrying out the purposes of the Employment Service.

### Old Age Pensions and Pensions for Blind Persons

**The Old Age Pensions Act, 1927.**—The Act provides for a Dominion-Provincial system of non-contributory old age pensions in such provinces as have enacted and given effect to special legislation for this purpose. The provinces are charged with the payment of pensions, the Dominion reimbursing each province, quarterly, to the extent of 75 p.c.\* of the net cost of its payments on account of old age pensions. All the provinces are now operating under such agreements. Old age pensions are also payable in the Northwest Territories. Authority was given in 1927 to the Gold Commissioner of the Yukon to enter into an agreement with the Dominion Government for the purpose of obtaining the benefit of the Old Age Pensions Act, but no scheme has as yet been formulated.

#### Statement of Old Age Pensions, as at June 30, 1940

Province	Effective Date	Pensioners	Average Monthly Pension	Dominion Government Contributions	
				Apr. 1 to June 30, 1940	From Inception of Act
		No.	\$	\$	\$
Prince Edward Island.....	July 1, 1933	2,015	11-29	50,636	1,103,573
Nova Scotia.....	Mar. 1, 1934	14,527	14-83	480,139	11,071,935
New Brunswick.....	July 1, 1936	11,825	14-61	388,127	5,560,712
Quebec.....	Aug. 1, 1936	48,921	17-70	1,942,570	28,069,184
Ontario.....	Nov. 1, 1929	59,342	18-55	2,444,108	80,679,476
Manitoba.....	Sept. 1, 1928	12,704	18-68	520,062	17,276,030
Saskatchewan.....	May 1, 1928	12,783	16-80	486,740	15,643,693
Alberta.....	Aug. 1, 1929	10,653	18-57	440,469	11,890,181
British Columbia.....	Sept. 1, 1927	13,551	19-13	572,157	16,776,317
Northwest Territories.....	Jan. 25, 1929	7	20-00	425	17,131
<b>Totals.....</b>	-	<b>186,328</b>	-	<b>7,325,433</b>	<b>188,088,232</b>

**Pensions for Blind Persons.**—By an amendment to the Old Age Pensions Act, assented to Mar. 31, 1937, provision is made for the payment of pensions, under certain conditions, to blind persons who have attained the age of forty years. The maximum pension payable to blind persons

\*The proportion to be paid by the Dominion as set forth in the Act of 1927 was one-half, but this was increased at the 1931 session of Parliament to 75 p.c., which increase was made effective from Nov. 1, 1931.

is \$240 a year which is subject to reduction by the amount of the pensioner's income in excess of \$200 a year in the case of an applicant who is unmarried or is a widower or a widow without a child or children, and by the amount of income in excess of \$400 a year in the case of an applicant who is married or a widower or widow with a child or children. The Act provides for a reduced pension to a blind person who marries another blind person subsequent to the date on which the Act came into force.

#### Statement of Pensions for Blind Persons, as at June 30, 1940

Province	Effective Date	Pensioners	Average Monthly Pension	Dominion Government Contributions	
				Apr. 1 to June 30, 1940	From Inception of Amendment
		No.	\$	\$	\$
Prince Edward Island.....	Dec. 1, 1937	116	13.91	3,660	28,046
Nova Scotia.....	Oct. 1, 1937	583	19.12	24,851	202,515
New Brunswick.....	Sept. 1, 1937	668	19.64	29,279	233,414
Quebec.....	Oct. 1, 1937	1,790	19.42	78,996	693,753
Ontario.....	Sept. 1, 1937	1,361	19.59	60,422	523,567
Manitoba.....	Sept. 1, 1937	275	19.52	11,964	94,355
Saskatchewan.....	Nov. 15, 1937	263	19.88	12,349	94,237
Alberta.....	Mar. 7, 1938	189	19.60	8,215	57,569
British Columbia.....	Dec. 1, 1937	291	19.37	12,587	99,563
<b>Totals.....</b>	<b>-</b>	<b>5,536</b>	<b>-</b>	<b>242,323</b>	<b>2,027,019</b>

Pensions for blind persons are administered by the provincial authorities under agreements made by the Lieutenant-Governors of the provinces with the Governor in Council. The Dominion Government assumes responsibility for 75 p.c. of the net sum paid out by the provinces for pensions to blind persons.



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